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GIFT OF

R. D. Hill Esq. -----

Received

June 11, 1914

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IX

ON THE

Presented to both Houses of Parliament by Command of Her Majesty.
JUNE, 1886.

PRINTED BY HARRISON AND SONS.

Messrs. HANNAID, 13, Great Queen Street, W.C., and 32, Abingdon Street, Westminster ;
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House of Lords ;
Messrs. ADAM and CHARLES BLACK, of Edinburgh ;
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Dublin.

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JUN 11 1914

*Circular addressed to Her Majesty's Representatives at
Paris, Berlin, Vienna, Rome, Brussels, Hague,
Stockholm, and Washington.*

Sir,

Foreign Office, April 6, 1886.

I HAVE to request you to be so good as to cause answers to be furnished to the following questions with regard to Co-operation as practised in the country to which you are accredited :—

1. To what extent have Industrial Co-operative Stores been established among the working classes, and upon what basis?
2. (a) How far have Co-operative workshops been established either by associations of workmen or by arrangements between employers and employed?
- (b) Have they been successful commercially, and how far do they prevent strikes and other disputes?
- (c) Upon what terms are profits usually divided in such workshops?
3. Are there any successful Co-operative or People's Banks, and what is their mode of operation?
4. Are there any instances of Co-operative Societies which provide Social, Educational, and Recreative facilities for the working people on a self-supporting basis? Can you give details?
5. Are there any Co-operative Societies for providing Improved Dwellings for artisans and labouring people? What system do they adopt, and with what success?
6. Is agriculture carried on by means of co-operation with any success?
7. Give details of any co-operative arrangements for carrying on shipping, fishing, and industries other than those already mentioned?

Should it suit your convenience, I would suggest that one of the junior members of your staff be entrusted with the task of investigating this subject.

I am, &c.,

(Signed) ROSEBERY.

Answers to preceding Circular.

No. 1.

FRANCE.

Lord Lyons to Earl of Rosebery.

My Lord,

Paris, May 24, 1886.

I HAVE the honour to transmit herewith a copy of a letter which I have received from Mr. Egerton, enclosing a Report which he has drawn up on the subject of Co-operation in France, in compliance with the instructions contained in your Lordship's Circular despatch of the 6th ultimo.

I have, &c.,
(Signed) LYONS.

Inclosure 1 in No. 1.

Mr. Egerton to Lord Lyons.

My Lord,

Paris, May 22, 1886.

I HAVE the honour to enclose answers to the questions respecting Co-operation contained in the Earl of Rosebery's Circular of April 6th last.

I have, &c.,
(Signed) EDWIN H. EGERTON.

Inclosure 2 in No. 1.

Report by Mr. Egerton on Co-operation in France.

No. 1. The system of co-operation for diminishing the cost of Co-operative articles of daily use has not taken deep root in France. It seems to be stores comparatively few most prevalent at Lyons. In Paris, co-operation in this respect is in France, especially neglected. This is attributable in great measure to the more especially in Paris. nomad habits of the working population in this city.

Origin and
progress of
movement.

The first instance of a French effort in this direction was at Mulhausen in 1832. At the initiative of their employer the workmen of the Bourcart mill at that place founded a co-operative bread store, which supplied bread to its members at $12\frac{1}{2}$ c. below the average price per loaf, and yet realised a handsome profit, which was employed in loans without interest to the needy. In 1849 this association numbered 1,500 members, and was managed solely by the workmen themselves, who were careful to admit no new members but those of good antecedents.

At Dieuze a similar co-operative bakery was started by M. de Grimaldi in 1847. The profits, amounting to 1,200l. and 1,600l. per annum, were also employed for loans without interest.

Food associa-
tion at
Grenoble.

In 1850 the Mayor of Grenoble established a similar food association by means of local private subscriptions and a grant from the municipality. In 1852, with subscribed share capital, a dining-room, kitchen, and office were hired. The food paid for by tickets sold in the office—a subscription of $2\frac{1}{2}$ d. per annum—gave the right of purchase, or of 10d. per annum the use of the dining-room. All subscribers were entitled to take part in the general meetings and in the election of the council of management. No dividends were given; the profits were distributed in charity. The prices charged in 1857 were as follows:—A basin of soup 1d., half a pint of wine $\frac{1}{2}$ d., a ration of meat 2d., a ration of bread $\frac{1}{2}$ d.

					d.
Thus, the cost of a breakfast was	..	..	..	..	18
" " dinner	"	"	"	"	4
" " supper	"	"	"	"	12
					—
Total per diem	..	..	..	..	7

Paris meat
store.

A co-operative meat store established in Paris in 1858 by a philanthropist, M. Cernuschi, was not equally successful. His system was co-operative as regards the profits. The meat was sold at the rate of the day, the profit and loss account published, and the net profits divided (proportionately to the amount purchased) amongst the customers. The attempt was unfortunate: though successful at first during the winter months, during the hot weather it was conducted at a loss, and M. Cernuschi was soon obliged to abandon his enterprise.

It will be observed that these attempts at co-operation were made from above, not in the first instance by the workmen.

Food
associations
at Lyons.

But this was not always the case. At Lyons some food supply associations were started by workmen. The "Travailleurs Unis" began by the joint purchase of a tun of oil by 25 workmen. They subsequently formed a large association, the admission to which cost 1 fr., payable by instalments, and its success was such that in 1851, when the misguided zeal of Marshal Castellane dissolved the workmen's associations in Lyons, this society had seven grocery retail stores, a wholesale store, a large bakehouse with several ovens, a pastrycook's shop and chocolate manufactory, one wine and two coal stores. The liquidation consequently left a good profit for division amongst the members. All this was made, by 3,500 fr. subscribed by the 25 original members, by 2,000 1 fr. members, and by the issue of 1 fr. bonds, which circulated as money in the district concerned. It was observed, however, that the profits of the association were smaller after it had bought shops than they were when the sales were made personally by the members.

The "Travailleurs Unis" employed a portion of their profits in

founding two schools, one for girls and the other for boys, and besides gave a certain number of pensions.

Another Lyons association, the "Castors," did not go to any extent in building shops, but the society as it increased formed fresh groups, the number of the members of each group never exceeding 200, in order that there should not be too much for that member to do who in rotation sold the goods at the rooms, where they were stored for two hours after working hours (viz., from 8 p.m. to 10 p.m.) every day.

This association of the "Castors" was perhaps the only co-operative store which allowed any credit at all, but this credit was never to exceed 12 fr., and was only allowed to those members who had paid up their whole share of 25 fr.

At Lille co-operation, though not exactly a co-operative store, was started by various mutual aid associations. It began with a system of bread supply: Certain local bakers, for tickets issued and repaid by the society, furnished bread at a cheap rate. Then the association started first one, then several butchers' shops, and soon added a soup kitchen, where soup, vegetables, and meat were prepared. Arrangements, too, were made with grocers in the same way as with the bakers. Members were grouped in tens, and they were very numerous; indeed, it is calculated that at one time about 8,000 persons got their food supplies through this association. Part of the profits of this association were kept back for the benefit of the mutual aid societies which had started it.

Without counting Paris and Lyons, there were said to be about 38 French co-operative stores in the departments of France in 1851, nearly all in operation in the big towns.

In Lyons small food co-operative societies continued to exist, even after the dissolution of the larger ones in 1851.

At Beauregard, near Valence, a very successful co-operative store was founded in 1848—a time when so many co-operative societies of production were formed.

It began on a small scale, and when compelled to liquidate in 1851, each member received ten times the amount of his original share. Later on (in 1853) a society for the supply of coal was formed at the same place.

Amongst the small efforts in this direction in France, the "Universelle" may be mentioned, an association in the south which set up co-operative retail shops, and distributed the major parts of the profits it made among regularly inscribed customers.

A co-operative store on a small scale was founded in Algeria during Mr. Cobden's visit there.

When, during the Empire, freedom was given to the bakeries, with the result of the bakers increasing rather than lowering their prices, co-operative bakehouses were started—in many cases with the aid of the municipalities—in order to keep down prices. These co-operative baking shops were mainly in the west of France (Vendée, Deux-Sèvres, Charente), in the north-east (Haut and Bas-Rhin), and on the Rhône (Isère, Rhône, and Drôme). They were fairly numerous.

These attempts at co-operation were sometimes made under great opposition to difficulty, not only from the opposition of the bakers, but from the prejudices of the very people for whose benefit they were made. Thus there was something like a riot at the starting of a co-operative and subsequently successful bakery at Charleval in 1865.

As a rule, as I have previously stated, these co-operative stores succeeded better in the provinces than in Paris.

In a large city such as Paris, where neighbours are little acquainted

Why unsuccessful in Paris.

with each other, and the working population is constantly changing its lodgings, co-operation is more difficult; moreover, owing to competition many articles (more especially sugar and other groceries) are retailed at prices giving little or no profits, and consequently the benefit of co-operation becomes less self-evident. In many other cases, too, the advantages of co-operation would scarcely be apparent in Paris as regards the price, only in the fairness of the measures and the quality of the goods. Moreover, the distances and cost of carrying the stores to their destinations has to be considered.

A co-operative store at Passy (La Sincérité), which has members in various parts of Paris, finds its expenditure from the cost of delivery very considerable.

It is besides easier in the country to find persons willing to devote themselves to the management of a co-operative store, and it must be remembered that in France at least the impetus to co-operation in this respect comes more from benevolence than from the initiative of those directly interested.

Feminine influence in Paris.

As a rule the influence of women in Paris is against co-operative stores, as no credits are given to them, and the attraction of bargaining is absent.

Feeling of retail dealers.

There is naturally opposition everywhere by the retail dealers to these stores, and the Orleans Railway Company had an action brought against it by the shopkeepers in the neighbourhood of its main Paris station for establishing a supply store, on the plea of the company being formed for carrying passengers only, and not for selling articles of food and dress. Judgment was, however, given in favour of the company, which was pronounced to have the right of lending premises as stores to its servants, and of granting certain facilities for obtaining goods at wholesale prices, and the company's servants had a perfect right to found a co-operative store.

Bread stores most successful.

The co-operative supply stores in France are either for bread or meat alone, or for groceries combined sometimes with clothes, drapery, and objects of household use.

The bread stores succeed particularly well: thus the Angoulême bread store in 1874 (eight years after its foundation) sold 500,000 kilos. of bread, at about a halfpenny per kilo. below the prices of the private bakers. At Lodève, Bédarieux, Flotte (in the Island of Ré), Grenoble, and other places, the results were most satisfactory; in some cases the co-operative bread was one-fifth cheaper than that of the ordinary bakers.

The Chardois Co-operative Store saved its members in one winter 2,000% on the price of their bread. The Roubaix Bakery distributed that amount in 1883 amongst its customers.

In the general and grocery stores the saving is found to be greater still. Thus the Co-operative Store at Rheims was able in 1867 to furnish its members with coal at 10 per cent., potatoes at 30 per cent., groceries at from 10 per cent. to 25 per cent., sausages and preserved meats at 20 per cent. below the ordinary retail prices.

Orleans Rail.

The Orleans Railway Store can furnish stores cheaper still, owing to exceptional transport and other facilities; its reductions of price in 1866 were 45 per cent. on wood, 64 per cent. on charcoal, 43 per cent. on coal, 75 per cent. on faggots, 56 per cent. on potatoes, 66 per cent. on salted fish, &c., 62 per cent. on vinegar, 100 per cent. on smoked herrings, 115 per cent. on salt, 127 per cent. on hams, 33 per cent. on wine, 30 per cent. on blouses, and 55 per cent. on cotton sheetings.

At another store near Valenciennes, on the system of division of

profits, 7 per cent. was distributed in the first half year, and in the two subsequent months 8 per cent. (that is to say from 1*l.* to 2*l.* 10*s.* per family). Profits of various undertakings.

A small society at Algiers began by each member becoming responsible for 100 fr., whilst only paying up 25 fr., and divided a profit of 12 per cent. at the end of the first 10 weeks.

At Lyons the "Prévoyante," on a capital of 20,000 fr., gave a dividend of 25 per cent. at the end of 11 months.

The "Union Ouvrière," with 32,000 fr. paid up, returned 33 per cent.

The "Union Commerciale," on 6,882 fr., gave a dividend of 50 per cent.

The "Universelle" of Valence gave those of its members who were customers 66½ per cent. in 1866, and in a subsequent year 80 per cent. Mode of founding.

A common way of founding these stores is by a payment of from 5 fr. to 10 fr. per head to start with. Thus, for a bread store, an oven is bought, a journeyman baker engaged, and each member states beforehand the amount of bread that his family will require.

The grocery stores generally begin on a very modest scale; the members in turn giving a few hours, without pay, to looking after the retail sales. When the stores turn out a success, then regularly paid shopmen are engaged. Grocery stores.

The "Universelle" of Valence, which subsequently founded branches at Aix and Grenoble, pursued a different system. It made large, fine shops, and sold not only directly, but through others, selling counters to be given to the bakers, greengrocers, &c., by customers, which counters were repaid in cash on the tradesmen presenting them at the office of the "Universelle." It returned profits to its regular customers. of Valence.

The "Universelle," however, failed in 1868, that is to say, only four years after it was founded; this was attributed in great measure to the very large initial expenses and scale of the establishment. Amongst other adjuncts to these stores a library was attached to each of the five branches of the "Universelle."

Of the French co-operative stores some only sell to members, others to the general public as well. Those with small capital prefer the former method, but when business increases they sell to the public as well.

It appears to be an open question in France as to whether it is best to sell at cost price plus the actual expenses, or at the retail price of the day, with subsequent division of profits amongst the members.

Bread is generally sold on the first system, as the main object is that bread should be got as cheaply as possible.

Grocery stores, however, in most cases sell to the public at ordinary retail prices.

The co-operative stores at Bone (Algeria), which in 1866 sold about 145*l.* worth of stores to members and 1,600*l.* worth to the public, divided its profits solely amongst its members. This is contrary to the practice of the Lyons stores (reconstituted in 1864 after their dissolution in 1852). In them all purchasers receive a share of the profits. Allotment of profits.

Some co-operative societies devote their profits to some charitable or educational object. This was the case at Neuville-sur-Saône (Rhône).

The "Prévoyante" bread store at Lyons gave a share of its profits to the needy.

There does not appear that there is any connection between the different co-operative supply associations in France. The "Beauregard" supply store, however (which sold coal, flour, bread, draperies, &c.), seems to have come to the rescue of a similar supply store at Vienne. Schemes not connected.

which had got into difficulties, and to have taken its affairs in hand successfully.

Statistics.

The last general statistics on the subject of these co-operative supply associations appear to be those of 1869, when there were in France and Algeria, roughly speaking, about 120 co-operative bakeries and stores. These had mostly been recently formed.

A considerable number have been formed since then, principally in the provinces. Still co-operative supply cannot be said to have yet taken great extension in France, though it is increasing.

I annex a statement* by Vice-Consul Haden respecting the stores at Lyons, the centre of co-operation in this respect in France.

Co-operative Workshops.

N^o. 2. J. Bachez, about 1830, was the first to preach in France the advantages of working men's co-operative associations. He particularly dwelt on the advantage of laying aside from profits a certain portion to form the inalienable capital of each association.

Jewellers' association.

He did not make many proselytes. A jewellers' association formed in 1834 was the main result of his teaching. The system of this co-operative society was to put by a seventh of the profits for the inalienable capital or foundation fund, and to divide the remainder amongst the members; one-half of this remainder paid over at once, the other half left in the business till the member's death or retirement, when it was to be returned. The working members were paid weekly an amount corresponding to the usual wages paid for the work they may have done, and the rules of the association laid down that there should be six working days a week, of eleven hours each, and that whoever stopped work for three days without the permission of one of the two managers (who were chosen by election) should be fined, and if the offence were repeated during the year, the fine was doubled.

Fine for non-attendance.

The members were obliged, under penalty of fine, to attend the general meetings.

A similar association amongst the riband makers of St. Etienne was, however, put down by the Government in 1841, and the manager sent to prison.

Jealousy of Government of new innovations.

The Government in France has been apt to show jealousy of innovations not emanating from itself or submitted to its approval; and in the time of King Louis Philippe it was exceptionally watchful of independent action of any kind amongst the working population, the state of the law being such that it depended very much on the temper of the leading local officials whether such co-operative associations could be formed at all.

Two other small co-operative societies were formed amongst copper founders and printers in 1836 and 1840, but these were not successful.

Co-operation in production, made no way till 1848.

It was not till 1848 that working men's co-operative associations for productive purposes were started seriously.

Credit having been stopped by the uncertainty of everything—the result of the Revolution—thousands were out of work, and the Government thought it necessary to promise that every citizen should get it.

The Government now recognised the right of workmen to associate so as to enjoy the profits of their work, and the idea of co-operation of every kind became very popular. Numerous co-operative workshops were started. In many cases small employers of labour joined their workmen in forming these associations. Some were composed of workmen alone. But as usual in France their eyes were turned towards the Government, and State aid was generally asked for, and given when possible, for these co-operative workshops were without

* Annex 1, page 27.

doubt more useful and less onerous than the "ateliers nationaux" created by the benevolence and timidity of the Government.

Thus hardly had the Revolution of February broken out when the Tailors' Government gave a large order for the uniforms of the National Guard to an association of working tailors, to whom they lent the prison of Clichy as a workshop. These workmen appear to have had some help from their previous master tailors. The association was not a carefully organised society, merely an agglomeration of working tailors; it was sufficient to be a tailor by trade to be admitted into it, and the rules were very simple, comprised in 10 articles.

The day's labour was of 10 hours, and paid at 1s. 8d. per day: 2 per cent. of the wages were put aside so as to make a capital for the future, but as the uniforms were only paid for on delivery, and then only seven-tenths of the price given, the rest was kept back as security until the completion of the contract. The workmen who could not wait were paid in 1 fr. bonds repayable by the association. These bonds were accepted in payment by the shopkeepers of the quarter.

When the insurrection broke out in June, 1848, none of these 1,600 working co-operative tailors left their workshops.

Owing to the Government paying forfeit on their contract for uniforms, this co-operative association came to an end, after repaying its debts and redeeming its bonds. It was so far a success that it gave a good livelihood during troubled times to a large number of persons, without being a charge upon the State, as were the "ateliers nationaux."

On the 5th of July, 1848, the following decree was voted in the Chamber without discussion:—

"The National Assembly, desirous of encouraging the spirit of co-operation (associations) without prejudice to the liberty of contracts, decrees:

"Article 1. A credit of 3,000,000 fr. is opened for the Minister of Agriculture and Commerce, which is destined for division amongst co-operative associations spontaneously formed either between workmen, or masters and workmen.

"Article 2. The amount of this credit will be advanced as a loan in accordance with the opinion of a 'Council of Encouragement' formed by the Minister, and with the conditions laid down by this council.

"Article 3. The annual statement of the distribution of the credit will be laid before the National Assembly, with a report of the 'Council of Encouragement.'"

A week after this decree was voted a committee of sixteen members, under the presidency of the Minister, began their sitting for the purpose of distributing this State aid.

Requests for loans came in from all sides: 500 such were received the first year. Ten times the amount of the 3,000,000 fr. voted Demand for loans.

would not have been sufficient to have satisfied them. The difficulties of the committee were very great in distinguishing between the bonâ fide co-operations and those formed only to obtain a share of the subsidy. All were new attempts at co-operation, and it was almost impossible to get much information respecting the individuals who formed them, the workmen of large towns being apt to change their places of residence. At last the committee settled on a form of statute to be sent to every co-operative society asking for a loan.

The paternal view of Government taken in France is apparent in the last paragraph of this form—"Any projected modification of the present statutes must be communicated to the Minister of Commerce a month before it is discussed by the general assembly of the co-operative society."

In this form of statutes the unlimited liability of each member of the co-operative association is laid down; but curiously enough it was not observed that the indivisible and inalienable capital which the committee insisted on for each association was not in accordance with the French "loi civile."

Masters who admitted their workmen to a share of profits were also entitled to aid by this committee on certain conditions, the principal being that the master should act in concert with a council of his workmen, and that he alone should be personally responsible for the repayment of the advance made by the Government, or for the net business losses which may occur.

Disposal of
the loan.

It would appear that in fact the major part of the 3,000,000 fr. was given to employers of labour in want of temporary assistance, who by no means carried out the statutes of the committee as regards their relations with their workmen. These statutes indeed seem in great measure to have been totally disregarded.

In some cases aid was given by the committee to workmen to enable them to purchase their former masters' business, and set up as a co-operative association.

The money laid out altogether by the committee amounted at the end of 1849 to 2,949,500 fr., of which 914,500 fr. were given to 32 Paris associations, and 2,035,000 fr. to 29 associations in the provinces. In Paris, 26 exclusively workmen's associations were thus assisted; in the departments only 12.

Complaints of
distribution.

There were complaints made at the time of the way this State aid was distributed, certain crafts being said to have been unduly favoured, and certain important towns, such as Lille, Marseilles, Toulouse, and Strasburg, being entirely neglected. It was not remembered that after all the sum to be divided was an extremely small one. The rate of interest was 3 per cent. on sums less than 1,000l., and 5 per cent. for larger sums; there was also a small additional charge of $\frac{1}{4}$ per cent. for registering, &c.

It appears that in 1851—that is to say after two years—18 of these assisted associations had ceased to exist, and 12 more very shortly stopped.

Roughly speaking, about half the money lent by the State was lost. The general cause was want of good faith in the first instance, or some radical defect in the original constitution of the association.

Result of
Government
aid.

In some cases, both in Paris and the provinces, the Government aid produced excellent results. Contracts for public works were given to co-operative societies of workmen, contracts for less than 2,000 fr., without deposit, a tenth only being retained until the amount of the ordinary security was reached. If a tender of a private firm for Government work were at the same rate as that of a workman's co-operative association, the tender of the latter was always preferred.

Work on the Strasburg railway and public works in Lyons and Paris were executed by associations of workmen, but in some cases these associations were only temporary, and for the special work in hand. Often great economies resulted from this direct employment of workmen, instead of having recourse to contractors.

Co-operative
workshops
when
successful.

Though few comparatively received assistance from the 3,000,000 fr. voted, large numbers of co-operative workshops started in 1848, in many cases without much previous examination or reflection.

As a rule it may be said of the co-operative societies founded in 1848, as of those founded later, that their success was in proportion to the practical intelligence, industry, and discipline of those who managed or composed them.

In 1849, 59 tailors of those who in the previous year had taken the Tailors. Government contract for uniforms, started with some assistance from outsiders a co-operative tailors' shop. They soon raised a business capital of 200,000 fr., in 50 fr. shares, which were to be paid for in weekly 1 fr. instalments. In 1851 this association was doing work on a large scale, and had at the same time a benefit fund ("caisse de secours") formed by retaining 5 per cent. on salaries, and 10 per cent. on profits.

14 piano makers in 1848, without any means of their own or Piano makers. Government aid, after great hardships and difficulties in starting, founded and carried on successfully a business which two years afterwards owned 40,000 fr. worth of property.

A co-operative association of 15 furniture turners started with Turners. 313 fr. as their entire capital; after having at first to content themselves with wages of $87\frac{1}{2}$ c. per day, they made their enterprise a complete success.

A small association of armchair makers, which started in 1849 with Chair makers. 135 fr., made 37,000 fr. of net profits, and could afford to pay rent of 5,500 fr. per annum for their workshop.

An association of curriers started with only four working members; Curriers. in two years 86 members were at work.

A co-operation of file makers, starting with 14 members and 500 fr., File makers. acquired a capital of 150,000 fr., and two houses of business, one in Paris, the other in the provinces.

These two last-mentioned associations were careful in the instruction and generous in the treatment of their apprentices, who were subsequently admitted to membership.

A successful co-operation of boot form makers began with 2 fr. Boot form and One of spectacle makers, with 650 fr., had in 1833 a capital of over spectacle makers. 1,270,000 fr.

It has been found by experience that co-operative associations on a Difficulty of large scale are difficult to start. When once, by the energy and discipline starting. of a few, an association has been put in action, then it may be possible to admit numerous members; but really good men are required at first. Besides, it is difficult to find the sums necessary to begin co-operation on a large scale, unless in the case of some large contract or Government work. Moreover, owing to the difficulty in finding sufficiently large premises, only a small number of members can generally work together at first. Thus members of new associations very frequently continue to work with their old masters until a vacancy occurs in the co-operative workshop.

The very strict obedience to regulations exacted and enforced, and their discipline—greater far than could have been maintained by masters—are considered to be in great measure the cause of the success of these co-operative societies.

Their charity to those in distress has been often great, and has Charity. been not always confined to the members of their own society. In 1849, when an association of tin lampmakers was robbed by one of its own members, its losses were made up by gifts from other co-operative societies—gifts which it refused to consider as such, but repaid faithfully as soon as it found itself in a position to do so.

There was a project between 1848 and 1850 for a sort of general union of the various trade co-operative societies, and in 1850 the statutes of a union of 49 Paris associations were published, but about this time the enthusiasm in favour of the workmen had given way to a certain nervousness respecting their political designs, and the chief

members of this proposed union were brought to trial as members of a secret society, and condemned.

There were a certain number of associations formed in the country districts between 1848 and 1851, and the association of the basket makers at Villaines (Indre et Loire) was a very successful specimen of co-operation. Its constitution by notarial act, approved by the Prefect, was more regular than those of the Paris societies, formed about the same time (1849), which generally neglected the prescribed formalities. As a rule law and the constituted authorities inspire more respect in the provinces than in the capital.

This association of Villaines, as several other country associations, was owing to the initiative of a benevolent neighbour of private means; it was not solely started by working men.

Coup d'état of 1851. The *coup d'état* of 1851 gave a great shock to co-operation in France.

It is true though that, with the exception of Lyons, where the suppression of all associations was ordered by Marshal Castellane in 1851, there was no general measure taken by the Government against the co-operation of workmen.

The Prince President was certainly far from unfavourable to workmen's associations, and in Paris they were certainly undisturbed; still, with very few exceptions, the co-operative associations dissolved spontaneously after December, 1851, from fear, apparently, of being compromised, and of being punished as socialists.

Whilst the movement was thus generally arrested by the workmen's dread of the Government, a few new co-operative associations were quietly started. The first of which there is any notice was one of dyers, at Villefranche, in 1856; in 1858 there were formed co-operations of tailors at Toulouse, of carpenters in Paris, and of dyers at Tarare; in 1859 of house-painters in Paris, and in 1860 and 1862 co-operative workshops were started at Marseilles and Montpellier.

Société Internationale, 1864.

Though his police did not always show itself favourable to the foundation of new co-operative societies, the Emperor in 1864 gave decided proof of his having no objection to associations of workmen by protecting the first branch of the now well-known "Société Internationale." He, moreover, in 1865 resolved to give direct encouragement to co-operative societies, and caused a "projet de loi" to be drawn up creating a new form of association for workmen's co-operative societies.

This effort was not an entire success, and it was thought well to institute a full inquiry, so as to get a more general acquaintance with the whole question. This was done, and 43 depositions were taken in Paris, mostly of those experienced in the management of co-operative societies; and a similar inquiry took place at Lyons. The evidence was given with great freedom, and was very interesting. It apparently established that the labour of an associated workman was better than that of the salaried workman.

The law of July 27, 1867, was the result of this inquiry; this law legalised a form of association with fluctuating capital ("capital variable") in order to obviate the legal difficulties of founding co-operative associations.

Police interference.

Notwithstanding the favour shown by the Government, the police still continued to be very suspicious of workmen's meetings, and in 1867 the Paris International Co-operative Congress, for which invitations had been distributed, was forbidden at the last moment by the Prefect of Police.

In 1868 there were reported to be 44 co-operative working men's societies of production in Paris, of which the spectacle makers and the masons were perhaps the most important, 21 at Lyons, and 28 in the rest of France and Algeria—93 in all. Revival of co-operation in 1867. Favour of Emperor.

It may be observed that the form of association of the co-operative societies formed in 1848 is generally on the principle of unlimited liability of all members; in 1863 the manager or managers were alone made responsible, whereas after 1867 the principle of limited liability was introduced: the lowest amount of liability 50 fr.

The ordinary system of dividing profits was now *pro rata* of the value of the labour (*i.e.*, of the salary), and of the amount invested in the undertaking. The brotherly notion of equal division per head which was started in 1848 had long been abandoned.

A part of the profits was always put aside for a reserve fund (there was no longer any question of an inalienable capital), and another part was generally devoted to some benevolent object. About this time it became common to spend a certain amount in making a library for the members, or in getting up instructive lectures. Disposal of profits.

The profits were very large in some of the associations. Thus the jewellers' society gave its members a dividend equal to the total amount of their yearly pay. The masons' association was able to allot as much as 60% at the end of the year to working members, besides their pay. Other associations gave even more.

In 1868 co-operation was certainly reviving, and new associations were springing up, the system meeting with general favour, when (in Paris at least) this progress was suddenly put a stop to by a great disaster—the collapse of the “Crédit au travail,” an institution to which allusion will be made later. Blow given to co-operation by failure of the bank “Crédit au travail” in 1868.

This entirely checked the movement for a time.

Neither the war of 1870 nor the Commune appear to have affected the co-operative societies; indeed, the distributions of allowances amongst members of co-operations obliged to stop work—which most, with only few exceptions, were able to do—was palpable evidence in favour of the system.

A new co-operative workshop was even started during the siege of Paris by working tailors, which did a very large business indeed in uniforms for the National Guard. Siege of Paris.

After the shock given to co-operation by the failure of the bank of the “Crédit au travail,” the working classes began to form syndicates, the masters followed their example, and thus two practically hostile groups have been formed in most branches of industry. This is of course a misfortune, but the more practical of the workmen, through this very system of syndicates, have had their attention turned again to co-operation. At the time of the exhibitions of Vienna and Philadelphia, the syndicates of various French trades expressed themselves decidedly in favour of co-operation as the best way of emancipating labour from the despotism of capital. A syndicate of marble workers, which had established a co-operative workshop in 1870, strongly impressed others at Lyons that they would have spent the money they had wasted in strikes to better advantage had they started co-operation in production.

In the first workmen's congress held in Paris in 1876 the general opinion was for co-operation, though men such as M. Isidore Finance, a house-painter by trade, and a prominent speaker at working men's meetings, expressed himself strongly against it, not so much on the ground of the many failures in 1848, and after the collapse of the “Crédit au travail” in 1868, but on account of the selfishness of the system, Views of workmen's congress in 1876.

the members of co-operative workshops becoming, he said, nothing better than capitalists. Though M. Finance's views were set aside by the meeting, the majority of the congress took the utopian view of co-operation prevalent in 1848, and which was then proved to be impracticable. They considered that associations should be formed by subscription, that there should be no division of dividends, that the capital should be impersonal, inalienable, and indivisible, and that the profits, after paying off the sums borrowed, should be devoted to pensions, or to the founding of new co-operative associations.

At this time there was more theoretical talk than immediate effort made as regards founding new co-operations. Much abnegation and determination being necessary to start co-operation successfully, as proved by the experience of the last quarter of a century, it is not surprising that this should have been so, as habits of self-denial and frugality do not seem to have made much way generally during this period.

Sufferings
resulting from
strikes in
1879-80 turn
attention
again to co-
operation.

It was the miseries resulting from the numerous strikes about 1879 and 1880 which forced on again the question of co-operation as a means of escape from an intolerable state of things.

A congress of workmen sat in Paris in November, 1881, and advocated co-operation through the trades syndicates.

Even the masters in some instances urged the workmen to start not only co-operative stores but co-operative workshops.

Several societies were thus formed by the syndicates, some starting with a large capital. Thus the joiners commenced with 30,000 fr. of actual money. They made that sum in profits the first year; but it should be mentioned that they were picked men—excellent workmen.

These new associations were much assisted by a new and very useful bank, the "Caisse Centrale des Associations populaires."

In 1883, attention being devoted to the subject, M. Waldeck Rousseau, the then Minister of Interior, called a commission together to examine the whole question of co-operation, the result of which inquiry was subsequently published in two large volumes.

The managers of 34 Paris working co-operative associations attended, and their evidence is most interesting, though unfortunately there were few country representatives examined. The information is indeed most valuable, and I cannot see that the reproach made at the time is founded, viz., that most of the questions put were more framed to extort confirmation of previous theories of the questioners than to elicit general information.

The constant reference to Government aid is said to have encouraged the representatives of the associations to press for Government work, but they did not ask for pecuniary aid, or advances from the Government, declaring themselves able, with the help of the "Caisse Centrale," to make the required guarantee deposits, though they considered the deposits onerous and unnecessary.

Favour seems previously to have been shown by the city of Paris to workmen's co-operations, to whom it gave the preference in its contracts for works of various kinds, and to some degree the Government had also previously favoured these associations in like manner.

The information respecting co-operation obtained by this commission was supplemented to some extent by that of the commission of the subsequent year, called the Commission des Quarante Quatre, which examined the questions affecting labour and the working classes, and which separated without making any report.

M. Finance, the political theorist to whom I have already alluded, gave his evidence strongly again in the last-named commission against

Theories of
politicians

co-operative workshops; the present system, he said, of co-operation for production lowers the pay of the workmen, and these co-operative societies have a tendency to become mere associations of masters. The most able workmen form these co-operative associations, and when they succeed they "lose their good sentiments," and take a capitalist view of questions affecting labour, and think first of making money. dangerous to material well-being of working populations.

The members of these associations become, in fact, according to M. Finance, a sort of aristocracy of their craft. He pronounced himself against pension funds and mutual credit societies, and looks on State aid as protection given to those who have no need of it.

Whatever may have been the views of the masters in times when they thought they were secure of keeping matters in their own hands—as in the greater part of the July Monarchy and the earlier years of the Empire—it is certainly clear that the main opposition to co-operation in production does not now proceed from the masters, but from the more uncompromising political theorists amongst the salaried workmen.

This school also expresses its objections to building societies for cheap dwellings for workmen, on the grounds that workmen prefer to be free to live where they like, and object to be tied down to any particular house for a long period. Building societies.

M. Cabon, an important witness, considered that co-operation had failed on the whole, and that this was caused by masters wishing to remain absolute masters. Workmen, he says, prefer their liberty and a fixed salary.

This is denied by another witness, M. Frislau, who says the majority of workmen would gladly accept a system giving them a share in the profits.

M. Corton says that it is not the want of credit to obtain capital to start co-operation, but the qualities necessary to co-operation which are mainly wanting; hence the progress of co-operation is slow, the spirit of mistrust and the jealousy of any superiority shown by the average workmen are the main obstacles. The syndicates, however, are doing much to promote co-operation; but some workmen appear to think that any present amelioration of the position of the working population will retard the social revolution which they believe is impending.

From the evidence given it appears that women's co-operative associations have never lasted, though many co-operative seamstresses' associations have been started. Brief description of co-operative associations.

The evidence of the managers of 34 Paris co-operative workshops, given to the Commission of 1883, contained in the two volumes published officially, would take too much space to give even a summary of, or the main points of, the systems followed by each co-operative society.

Though there may be great variation in the rules of these workshops, there is in general regard to the amount and quality of the work done in any division of profits. Piecework is the rule; profits are proportionate to the value of the workman.

No mention of co-operative production in France should be made without bringing forward the honourable names of M. Leclaire, M. Laroche Joubert, and M. Godin, founders of three very flourishing co-operative establishments.

M. Leclaire, originally a working painter, having started a work-shop, determined not only to interest his workmen in the profits, but by degrees to educate them to be able to take in hand his whole business. Maison Leclaire.

His aim was that they should advance by practical proof given of their individual capacities.

He began in 1838 by a mutual benefit society (*Société de Secours Mutuel*), to which he made over 25 per cent. of the net profits. This fund was not only for aid in case of illness and for pensions, but was intended to produce a capital to be employed in the business itself.

Every workman invalided was given from this fund (unless his illness were caused by drunken habits or vice) 2 fr. 50 c. a day; this was increased to 5 fr. after 1881.

The pensions were fixed at from 500 fr. to 1,000 fr., and were always granted in cases of accidents or serious chronic illness, or after 20 years of service to those over 50.

This pension was increased after 1881 to 50%. Half of the pension reverted to the widows or orphans.

Thus in 1877 36,450 fr. were paid to 24 old members and 11 widows, and these pensions rose in 1881 to 46,800 fr., 34 pensions to members and 10 to widows and orphans.

In case of a workman leaving the house before he is entitled to pension he receives 20 fr., the amount of his subscription to the benefit fund, and 10 fr. for each year of active service. This last sum is increased to 20 fr. for the widows of members who have died in active employment.

Notwithstanding these heavy charges the fund possessed in 1877 a capital of 906,000 fr., which in 1883 had grown to 1,412,224 fr.

The co-operative part of the business itself is thus organised:—

Free or temporary workmen. Candidates for the nucleus ("noyau").

The "noyau" comprises the associated workmen and employés.

The "noyau" and the candidates for the "noyau" form about a quarter of the total number employed, say about 120 of the "noyau," and about 100 candidates.

Beyond five years of service in the house, there is no condition but good work, conduct, and capacity for admission to the "noyau."

The members of the "noyau" itself elect by simple majority of votes, after previous examination, and report those whom they judge fit to belong to it.

The members of the "noyau" have the following privileges:—

If the General Council approve, they receive 25 c. per day in excess of the salaries given for similar labour by the city of Paris. This addition to their pay is not given at once, but at the end of the year.

They name the members of the "Committee of Conciliation," which is charged with the order and inspection of the business, with giving advice, and with inflicting the prescribed penalties.

They name the overseers, the new members of the "noyau," and the two delegates, who have to examine in concert with the president of the benefit society the balance-sheet, and they have to see that the division of profits has been made in conformity with the statutes. (Publicity is necessary in all "*sociétés anonymes*"). They are entitled to the pensions above mentioned.

The two members who manage the house and represent it are chosen from and elected by the "noyau."

These managers of the business receive 6,000 fr. yearly, and 25 per cent. of the net profits. The senior manager receives two-thirds of this, the junior a third.

Beyond this the managers have no personal vested right in the house, and in case of death or leaving the house are simply replaced by election.

The president of the benefit society may even move that they be replaced.

Each of these two managers must be interested in the house to the amount of 100,000 fr.; but in order that the want of this capital may not be an obstacle, this amount may be formed by the accumulation of two-thirds of the profits due each year to the newly-named manager, and the manager who is replaced can only withdraw his share in proportion as that of his successor is made good.

The remainder of the common working capital, say 200,000 fr., is given as a deposit by the benefit fund.

The house is in fact the property of the picked body of workmen which constitutes the "noyau."

25 per cent. of the profits goes, as I have said, to the managers, 25 per cent. to the benefit fund, and the remaining 50 per cent. is divided amongst the workmen and employes of the house *pro rata* of their salaries.

Practically, therefore, the workmen and employes are thus paid over 75 per cent. of the net profits.

The proportion of the profits to the salaries grew gradually to 12, 14, and 16 per cent. up to 1877, and in 1884 it reached 20 per cent., when the amount was 322,500 fr.; in 1882 the profits were 22½ per cent. more than the total amount paid for salaries.

The "noyau" does not of course directly interfere in the general direction and daily management, which is in the hands of the two managers.

It is interesting to see the use made of their profits by the workmen. In the year 1877, out of 135 workmen, 63 put their shares of profits in the benefit and savings funds, or in shares—capital invested in the house receives 5 per cent. a first charge, but does not participate in the profits—17 spent them on their families, 16 paid debts made during want of employment or illness, seven put them into small shops kept by their wives or children, and one paid the money he still owed for exemption from military service. This is demonstration of the saving tendencies of the workmen.

In the Commission of 1883 it was stated in evidence that 3,326,142 fr. had been distributed amongst those employed by this house, as shares of profits or bonus from 1842 to 1882.

The element of success was, according to the evidence, the formation of the picked intelligent body of workmen called the "noyau." The idea of equality of pay would, it is said, be looked on by them as ridiculous. They had been at one time rather hampered by agitators, but the men had soon the sense to see where their true interests lay, and broke with them.

M. Laroche Joubert, who founded the co-operative paper mills at Maison Angoulême, is one of the most ardent advocates of co-operation: he even presented a Bill to the Chamber to make it compulsory for all who tendered for public works.

He started in 1868, and the effect of his system has been to benefit the house and to improve the incomes of the workmen. The wages of both male and female workers were increased the first year, and have grown for the former from 40 fr. and 56 fr. in 1868 to 100 fr. and 110 fr. in 1883: that of women has grown from about 50 fr. to about 70 fr. within the same period.

Co-operation was begun by giving an interest in the house to a certain number of the older and most capable workmen, and by giving to each hand 1 fr. for each 1,000 kilos. of increased produce yearly. This at once produced an increase of from 2½ to 50 per cent. in the

output, and each workman thus received as his share an increment of from 10, 15, and 20 fr., as the case might be, per month.

Of the 46 members who composed the house, 15 were workmen who brought from 3,000 fr. to 10,000 fr. into it; but M. Laroche-Joubert was anxious to get the workmen in general to save, in order that each should have a chance of becoming a partner.

He divided the hands into various groups, with various co-operative divisions of profits amongst each group.

Thus there is a part put aside for division according to the salaries received, and another for the overseers and chief employés, of 10 per cent. of the total yearly profit made.

12 per cent. of the net profits are put aside for division amongst customers who have bought 200 fr. worth at least of paper during the year. The division is made according to the amount purchased.

Special rewards are given to workmen for long service and good work, or for special merit in the case of the superior employés.

Though the divisions are made according to their salaries by the workmen and the commissions of customers, the president of the council of management and the two managers apportion to each group the sums to be divided, and the profits and salaries vary very much in the different groups, as well as the recompenses for services rendered.

No complaints of individuals respecting the manner of distribution of the profits are entertained.

The following is the exact manner in which the general distribution of profits is made:—

10	per cent.	to the reserve fund.
20	"	to the president of the council and the two managers.
10	"	to the overseers, &c.
12	"	to customers (clients co-opérateurs).
8	"	to wages.
1	"	to the deposit fund (deposants co-opérateurs).
44	"	to members, and those who have subscribed to the business capital.

In case of losses, only those who have subscribed to the business capital are liable to share in them.

All workmen and employés of good character, who have been two years in the house, may receive permission from the manager to put their earnings in the business to an amount not exceeding 5,000 fr. These deposits receive interest at 5 per cent. and a fraction, as above mentioned, of the profits.

These deposits are in turn admitted to form the business capital of the house, according as members retire, or the business capital be increased. In this way the interest of the workmen in the house is gradually increasing.

The following was the composition of the business capital:—

1,600,000 fr. subscribed by the three partners collectively.

1,125,000 fr. belonging to 19 former managers, leading employés, and workmen.

450,000 fr. subscribed by 15 friends or relations of the managers.

1,117,000 fr. subscribed by 30 persons actually in the employment of the house, in sums of not less than 10,000 fr.

225,000 fr. subscribed by 52 persons actually employed by the house, in sums of not less than 2,000 fr.

This house has made profits even in the worst times.

It must be observed, in this Angoulême establishment, that the management has the practical command of the undertaking; the

graduated divisions of profits are conferred as favours not as rights; members have no individual right to interfere in the management of the business, or to examine the books, excepting those which give the details of the distribution of profits.

M. Laroche Joubert, in his evidence before the Commission of 1883, attributes the success of the house to the workmen's sharing the profits. The business is not liable to strikes, and there is great zeal displayed by the hands, who rarely leave the house. He, personally, has been a gainer by the co-operation he has introduced. His brother, who objected to the system, continued business on the old lines and failed. In his opinion, given two mills with equal capital and similar in every respect, if one gives shares of profits to its workpeople it is bound to beat the other out of the field, as it will have the pick of the workmen, and upon the quality of the hands success in great measure depends. Certainly, if there be 4,000 available hands in a town, and the two mills between them employ that number, the mill that has the 2,000 best hands attracted to it by a share of the profits must be the most successful of the two.

M. Godin, in his large manufactory at Guise, of kitchen and heating apparatus and furniture, called the "Familistère," began in 1877 to "Familistère" share profits with his workmen. In 1883 there were about 900 hands who were thus directly interested in the business.

Workmen are paid according to their capabilities, after free discussion before a council of their fellows.

The division, too, of profits is made on a graduated scale. Thus a first-class member (associé)—picked workmen of long service, of whom in 1883 there were 70—receives twice as much; the second class (sociétaire) half as much again individually (there are 100 such) as the "participants" or third-class members (of whom there were 800).

M. Godin has found great advantage in this division of profits. The work has much improved, the hands much more careful to guard against mistakes, and that the interest taken in the business by the hands has much increased is shown by the constant new inventions and improvements made by the men. Since they were made partners a great number of patents have been taken out by the "Familistère."

All the workmen have a portion of their pay and profits reinvested in the house, and by this system M. Godin, the original founder of the business, is being gradually bought out of it, and he means that this system shall continue. It is more generally beneficial, he considers, that the buying out in rotation shall continue indefinitely, so that those who have long profited by the great advantages of the institution—and have in fact enriched themselves—should in time give way to the young and poor who are beginning. Naturally, of course, this process is slow, as the capital of the business is increasing.

M. Godin practically keeps a certain management of the business in his own hands, though theoretically the business is managed by three councils or boards, viz., the board of management which meets monthly, the business council which is held every week, and the council for the management of the buildings and the commercial business.

Enormous buildings have been constructed by the association, so as to lodge the hands and their families. Some of the members, more especially the second class, or "sociétaires," are bound to live in these houses.

M. Godin, in his evidence before the Commission of 1883, gave very full details of the working of this remarkable and useful establishment, which is a complete partnership and co-operation of capital and

Unanimity of opinion of those who have experience of co-operation, of its advantages, and that it puts an end to strikes.

labour. A branch of this "Famillistère" has been founded near Brussels, and is successful.

The evidence given to the Commission of 1883 shows immense variety in the details of the systems adopted by the various co-operative societies, and by those firms where the profits are shared by the workmen; but all managers of houses, and those who have practical experience, were agreed that the system of co-operation and of sharing profits puts an end to strikes and improves production and good relations. Some associations, as that of the opticians, even took active part with the employers of labour in opposing a strike.

There has been no case of disposition to strike for increased share of profits. M. Roberts, an important witness, scouts the idea of this as a future danger.

The objection of some heads of houses to their workmen sharing profits seems to proceed mainly from dread of the extra trouble of management and account-keeping entailed thereby.

Co-operative workmen, and those working for a share of profits, rarely ask for a Monday holiday, as do most other workmen—thus their houses are able to execute orders with greater rapidity. When there was a strike amongst the painters the co-operative workmen at M. Leclaire's worked fourteen, and even more, hours per day without the slightest complaint.

It is remarked that young men are more sensible of the benefits of co-operation funds than the elder workmen.

In a silk-dyeing co-operation, the members contented themselves during a crisis with a weekly salary of 25 fr., when the ordinary price of their description of labour was at the time from 36 to 48 fr.

As a rule, when profits are given to the hands, the latter do not share in any losses that may be made, excepting in so far as they are shareholders in the concern itself; but there is an exception to this rule in the house of Le Noir and Co., where they likewise pay their share of losses, but as 5 per cent. is put aside from the profits every year to provide against possible losses, this rule does not fall heavily on the workman.

As a general rule, workmen are not admitted to membership, or a share of profits, till they have been one, two, three, and even five years in their respective house, and thus given proof of their capacity and character.

There seems a general consensus of opinion that work is improved by the system of co-operation. The difference is greater, apparently, in some districts than in others—more evident, for instance, at Angoulême than in Alsace, where the workman is, as a rule, steady and painstaking.

Credit Institutions.

"Banques populaires," and "Sociétés de crédit mutuel."

No. 3. Credit to workmen's associations and workmen has been afforded either by the "banques populaires" (very different institutions from those of Schulze-Delitzsch, whose system has not obtained in France), or by credit societies.

The "banques populaires" were institutions started by persons animated with the benevolent wish to improve the condition of the workman, and anxious to promote and encourage co-operative associations of every kind.

The credit societies simply aimed at getting cheap credits for their members.

The "banques populaires" were much on the same model. The principal were, in Paris, the "Crédit au travail," the "Caisse d'Escompte

des Associations populaires," and the "Caisse des Sociétés Co-opératives," and at Lyons, St. Etienne, and Lille, banks similarly called "Crédits au travail."

The "Société de Crédit au Travail" was started in October, 1863, with 20,120 fr. subscribed, and 4,082 fr. paid up. Its manager was M. Beluze, and its object was generally to give credit to co-operation, either by discounting the paper of the societies, or in opening a credit for them on suitable security.

In June, 1866, the bank had a subscribed capital of 206,220 fr., of which 141,402 fr. had been paid up, and had 1,187 members. It had, in the short period of 33 months since it was started, discounted to the amount of many millions of francs.

Advice as well as pecuniary assistance was afforded to groups of workmen who were thinking of association. The "Crédit au travail" was, in fact, the centre of a propaganda in favour of co-operation.

The bank received in current account the subscriptions for associations in course of formation, and deposits of all kinds. It had thus, in June, 1866, 263,322 fr. in hand from these sources; and some of these sums in current account were deposits of savings societies. The bank had also at that date issued bonds for 156,071 fr., repayable at from six months to five years' dates, which bore interest at from 5 to 6 per cent.

The following year the "Crédit au travail" issued 200 similar "bons de caisse" of 100 fr. each, which were immediately subscribed for, and the sum resulting from this was used to stimulate by writings, and by persons sent into the provinces, for disseminating and recommending the general idea of co-operation. The bank was thus working with a capital, of which two-thirds was borrowed.

The two other banks of the same type, the "Caisse d'Escompte des Associations populaires" and the "Caisse des Sociétés Co-opératives," founded by the benevolence of well-to-do persons, had not so many members, and did not apparently do business on anything like the extended scale of the "Crédit au travail." M. Léon Say had much to do with the management of the former bank, which started with a larger capital than the "Crédit au travail," and its rules were more precise, clearly laying down the manner in which assistance was to be afforded to workmen's associations.

In the provinces the Lyons "Crédit au travail" was founded in April, 1865, with a capital of 50,000 fr., subscribed in 500 fr. shares. Several Lyons associations and workmen subscribed towards this capital. The cost of management of this bank was exceptionally low. In September, 1866, its capital was put at 66,000 fr., and it had 278 members.

The "Crédit au travail" at Lille had 389 members, and a subscribed capital of 105,700 fr.; that of St. Etienne 292 members and 32,000 fr.

The "Universelle" at Valence, an association to which I have alluded when speaking of co-operative stores, also tried to help co-operative societies by receiving their deposits and giving them higher interest than that of the savings banks.

There was also a "banque populaire" at Strasburg, founded by a few philanthropists, with a capital of 100,000 fr.

Towards the end of 1868, to the surprise and consternation of all, Failure of the "Crédit au travail" was forced to suspend payments. This was the result of the capital being locked up and unavailable, not of losses, for the bank had on the whole been successful in making profits. Indeed, had the bank confined itself to discounts, it would have done well; but it lent far too freely and too largely to new associations.

Thus to one society of screw and bolt manufacturers it lent 300,000 fr., or more than the total of its own capital.

The creditors of the "Crédit au travail" received only 18 per cent., the liquidation, owing to their own fault, having been too much hurried.

The "Caisse d'Escompte des Associations populaires" and the "Universelle" also failed about this time—the cause of the failure of the former being the same, viz., that it lent money in too large sums at once.

Shortly after these catastrophes an attempt was made to start another "banque populaire" to continue aid to co-operation. Its promoters, profiting by experience, proposed that no direct loans should be made by it during the first year, and that it should confine itself to discounts, and that subsequently none of its loans to any association or individual should ever exceed the tenth part of its total capital, but confidence had gone and the attempt was abortive.

Whilst on this subject, I should mention that the Emperor Napoleon in 1866 subscribed 500,000 fr. for a "Caisse d'Escompte des Sociétés Co-opératives"—a bank in aid of co-operation: a similar amount to that given by the Emperor was at once subscribed; but this attempt was entirely abortive, as the securities asked for by this bank were the same as would have been asked by any ordinary financial establishment, and were consequently quite useless to the young co-operative societies which it was established to foster. It made no loans and no losses, and its business being *nil* it soon came to an end.

Usefulness of
"Caisse
Centrale
populaire."

Of late years a "Caisse Centrale populaire" has been founded, with 50,000,000 fr. of capital. It does no business at all on its own account, and only acts as a sort of "caisse" for the co-operative societies which it has been formed to assist. It lends also to workmen of good conduct and who have saved money, and it makes advances also to groups of workmen who wish to tender for public works. It is thus the banker of from 20 to 30 workmen's associations, only one of which has up to the present failed. It makes advances to the associations at the rate of the Bank of France, with a quarter commission.

The capability of the manager is the best criterion of the prospects of an association. Most of the present co-operative associations that require assistance are in an embryonic stage. The societies are often invited to take shares in the "Caisse Centrale," and to put their profits or earnings in it.

There are few similar "banques populaires" in the country. Her Majesty's Consul at Nice has furnished me with the statutes, &c., of one at Cannes, with a capital of 140,000 fr., which is a very favourable specimen.

Mutual credit societies (*sociétés de crédit mutuel*) have proved of great benefit to the French industrial population, saving many from paying usurious rates of interest, which would otherwise have swallowed up their profits. They are, indeed, invaluable to individual workmen.

"Société
mère de
Crédit
Mutuel."

It was in the Bois de Vincennes, in the earlier days of the Empire June, 1857, that a few workmen met together and founded a small mutual credit club, afterwards called "la Société mère." A short time later—in 1858—some master workmen formed another association for a similar object, which was aided by a few heads of industrial houses, who induced the Bank of France to acknowledge its bills.

Other mutual credit societies were also founded, and in 1866 the "Société mère" had lent 252,225 fr., with a loss of only 5 fr.

Another credit society in the Faubourg St. Antoine, which did a

yearly business to the amount of 6,000,000 fr., had at the end of six years made but two losses. The smallness of these losses proceeded from the members being well acquainted with each other, for the societies were small though numerous. Out of 70 or 80 societies in Paris, on the model of the "Société mère," the general number of members was between 25 and 50.

The "Crédit au travail" tried to group these societies without success. Their main strength, after all, was in the mutual confidence from mutual knowledge of each other of their members.

The richest of the Paris mutual credit associations (and in 1866 there were more than 300 such) had a capital of 31,712 fr., and a reserve of 750 fr. The capital of all was formed by weekly payments by each member, which varied from 50 c. to 5 fr.: thus, in the association "mère" above-mentioned, some had nearly 550 fr. in the society; but deaths and retirements, which entailed the repayment of capital, prevented the accumulations being considerable.

The business of these societies was to discount the paper of its members or to make loans to them. The amount of credit to which each member is entitled was decided by the board of management according to the means and credit of the applicant. As for loans, the usual rule was that every member had the right of borrowing up to the full amount that he had invested in the business, and a still larger one with the security of another member.

Some associations lend to their members up to ten times the amount of the latter's investments, but these are associations in which the liability is not limited.

The general rate of interest was 6 per cent., with certain commissions, which being repeated as the loans were generally for short dates, brought the interest on an average up to 10 per cent. But even this high rate was a relief after the usurious interest—sometimes 60 per cent.—which members, previous to association, had been obliged to pay; but it must be remembered that the profits resulting from the high rate of interest charged by the associations were divided amongst their members, and most of the borrowers obtained more in profits than the extra rate of interest charged. Indeed, there seems in these societies to have been a prejudice for high profits and high charges for interest.

The management of these associations of credit was generally very simple: the president was both cashier and secretary, and each member in turn collected the sums due as subscriptions from each member.

General assemblies were often called together to examine applications for advances; these meetings were generally held in the shop or house of one of the members. The extra expenses of these associations were very small. Sometimes mutual aid, or benefit societies, were joined on to a mutual credit society, the gains of the latter being devoted to the former.

In Lyons small societies of workmen were formed, called "les groupes à deux sous," which were composed of, say, not more than 20 members, who subscribed to their common fund a penny a week, and lent without interest sums not exceeding 20 fr., repayable at the rate of 2 fr. per month.

The number of mutual credit associations in France is not known. The co-operative almanack in 1870 puts the number in the department, exclusive of Paris and Lyons, at only 39. In Paris and Lyons they are comparatively numerous. Many of these societies contained more masters than workmen.

Social, Educational, &c., Co-operation.

Apparently no co-operation with a view to education and recreation.

No. 4. I cannot find instances of social, educational, and recreative facilities being provided by co-operative societies in France.

Certain benefit societies may from time to time give entertainments: thus a prosperous society, the "Emulation Chrétienne," at Rouen, gives, so Her Majesty's Consul informs me, well-attended concerts every Sunday. There are naturally many such instances.

"Cercle Franklin."

There are also in some towns a kind of mechanics' institute; thus Mr. Bernal Her Majesty's Consul-General at Havre says that a co-operative, social, recreative, and educational society was formed there in 1875. The municipality gave the land, and a house was built at a cost of 190,000 fr. It is called the "Cercle Franklin," and contains a library, reading room, supplied with newspapers and works on industrial subjects, a gymnasium, billiard room, skittle alley, &c., and a room for conversation. Entertainments and lectures are given, to which members can take their families, the annual subscription being only 5 fr. Its finances are not prosperous.

From the evidence given before the Commissions of 1883 and 1884 there seems to be care given to the technical instruction of apprentices in many of the co-operative societies. Indeed, this is pointed to as one of the many advantages of co-operation, the system of apprenticing being generally almost abandoned.

I may mention with reference to education a singular article in the statutes of one of the co-operative associations, that of the tinworkers. It runs thus:—

Act 59. "As immorality proceeds from want of instruction, every member who has children is bound to give them instruction according to his means, under pain of exclusion from the society after two warnings given at intervals of three months."

Building Societies.

Little if any co-operation for building homes for workmen.

No. 5. Not much has been done in the direction of building societies. The French and more especially the Paris workman prizes the liberty to live where he likes, and has not perhaps so strong a feeling for a home as the English and Germans.

Indeed, I can find no instance of co-operation by workmen alone for this object.

At Mulhausen leading manufacturers, in order to build houses for their hands, formed a building club, advancing the necessary money at low interest—the price of each house 3,000 fr. The workman became an owner by paying from 2 fr. to 400 fr. down, and from 13½ fr. to 16 fr. monthly for 17 years. Thus a man of 25 making his first payment might look forward to being actual owner of the house at 42.

With the money paid in, this club went on building fresh houses.

At Strasburg benevolence also endeavoured on a different system to improve the dwellings and lower the rents paid by the working classes.

Near Paris, at Colombes, a certain number of houses were built by a club started by the "Caisse d'Escompte des Associations Ouvrières." Members in turn of their seniority had the refusal of the apartments thus built: payment might be made gradually in small instalments, if required.

A few similar building societies have been started, but not so far as I can learn by co-operation of workmen spontaneously.

Some large manufactories, such as Mr. Godin's "Familistère," build dwellings on a large scale for their hands.

At Havre, Her Majesty's Consul-General says that the "Société Havraise des Cités ouvrières" was founded in 1871, with a capital of 200,000 fr., to provide improved dwellings for workmen. It erected in that year 77 houses, and in 1883 40, of which the first lot cost 3,000 fr. to 5,000 fr., and the last from 5,000 fr. to 6,000 fr. a piece. The interest payable to the shareholders is limited to 4 per cent. The rent, including interest and redemption, in 14 years, is fixed at 10 per cent., making a yearly payment of from 300 fr. to 600 fr. This is higher than the ordinary workman can afford, and the tenants are nearly all of a superior class. At the end of 1884 45 houses were entirely paid for, and had become the property of the occupiers.

"Cités ouvrières" do not, however, as a rule, seem to be popular with the working classes.

The question of the lodging of workmen, in the towns especially, is a very important one; their roving habits are admitted by the evidence to be an evil. Co-operation will never take great hold in France till the workman's residences become more fixed, but it may be said that co-operation in production is the best way to make the workman settle down.

AGRICULTURE.

No. 6. I cannot find that co-operative agricultural associations exist in France; in Algeria they have failed.

There was an attempt in 1848, which was not entertained by the Chambers, for State aid towards a co-operative agricultural association on a large scale in Algeria. In the debate General La Moricière, Minister of War, gave instances of the failure of co-operation in 1842, when applied to colonisation in Algeria.

In December, 1849, the Chambers again rejected a proposed State subvention to agricultural co-operations on the ground of their impracticability, and the mischief they would do amongst the country population.

An attempt was made in 1846, in the plain of Sig, to form an agricultural co-operative farm, but it was not successful. The association, which at first had 448 members, obtained a concession of 3,095 hectares of fertile Government land.

It appears that in the first instance only a small number of the inscribed members settled on the land, and that only one-tenth part of it was cultivated or planted in 1850: the wall of enclosure had not been completed, and there were no buildings. Moreover, instead of being tilled by members of the co-operation, such land as was ploughed was entirely cultivated by hired labourers. It is not surprising therefore that the Co-operative Agricultural Society of Sig gave up in 1863 two-thirds of the land conceded to it.

The Governor-General of Algeria, in a letter to Her Majesty's Consul-General, dated the 29th of April of this year, mentions that in a great number of agricultural districts a class of co-operative banks ("comptoirs d'escompte"), under the protection of the Bank of Algeria, lend money to the farmers and settlers, and render considerable service to colonisation in general.

Mr. Haden, Vice-Consul at Lyons, reports that though he has no record of agriculture being carried on by co-operation, the principle has been successfully applied to purchases of manure, implements, seeds, and other agricultural requirements.

Société
Havraise des
Cités
ouvrières.

Such agri-
cultural co-
operation as
exists is con-
fined to
Algeria.

Several syndicates, he says, have been formed to collect subscriptions and make purchases: one of them, the Syndicat des Agriculteurs du Rhône, has 4,000 members.

In the large properties in the south of France the metayage system is usual. The landlord receives half the crop. He keeps the farm buildings in order, the tenant pays for the cultivation, &c., but in the case of artificial manure being required or seed for sowing, it is usual for each party to subscribe half the cost.

Where wine and oil are produced it is usual—so Mr. Perceval, Her Majesty's Consul at Marseilles, informs me—that a special agreement is made between the landlord and tenant; the latter getting as his share one-third or a fourth only instead of the half.

There are in France various tenures in which there is quasi-partnership between landlord and tenant; besides the “*métayer*,” there is the “*colon partiaire*” and the “*preneur de cheptel*.”

“*Couvenant.*” In Brittany there was an ancient custom called “*couvenant*,” or “*le domaine congéable*.”

The land belongs to the landlord; the buildings as well as the hedges to the occupier. A tree that was pruned or trimmed is the latter's, the forest trees are the owner's. There is division between owner and tenant as in the metayer system.

These tenures are, however, outside the question of cultivation by co-operation.

Participation in profits is, I understand, practised at M. Dollfus' vineyard of Château Montrose, in the Médoc district. The labourers in the vineyard, the cellarmen, and bookkeepers all receive a share *pro rata* of their salaries.

Fisheries.

No. 7. It is usual that fishermen in the Newfoundland and coast fisheries receive a share of the profits with the owners and masters of their craft.

Mr. Perceval, Her Majesty's Consul at Marseilles, informs me that the fisheries on the Mediterranean coast are worked on the co-operative principle in the following manner:—

“Half the take belongs to the owner of the boat and gear, the other half to the captain and crew *pro rata*.”

“If the captain is not the owner he receives a quarter of a share more than each man, and the boy receives half a share.”

On the Northern coast Mr. Taylor, Vice-Consul at Dunkerque, informs Her Majesty's Consul at Boulogne that the following is a common arrangement between the owners and crews of boats engaged in coast fishing.

From the produce of the sale of a boat's fish are deducted:—

	Per cent.
For the owner	5
the master	5
the salesman and for town dues	5
an invalid's fund	2
clearing the boat	1
expenses, light, groceries, coal, &c.	5
Total	23

The remaining 77 per cent. is divided between the owner and the crew. A boy has only a three-quarter share, the remaining quarter being divided again between the master and the crew

The system, however, of giving hands regular wages instead of a share in the profits seems to have grown up since 1873.

Mr. Perceval says that the petty coasting trade on the southern shores of France is carried on in much the same co-operative manner as the fisheries, with the exception that before the division of freight is made, the working expenses are deducted; after which one-half goes to the owner and the rest to the captain and crew, at the rate of two shares for the captain, one and a half for the mate, one for each man, and half a share for a boy.

The owner has to find the ship out of his half, and if he be captain as well he receives two shares as captain in addition to the half profit.

I have the honour to append a full report on co-operation at Bordeaux,* for which I am indebted to Mr. Ward, Her Majesty's Consul at that city.

EDWIN H. EGERTON.

Annex I.

EXTRACT FROM MR. HADEN'S (BRITISH VICE-CONSUL AT LYONS) REPORT.

Co-operative stores, started and supported by the working classes, Lyons are spread all over the town, and are very popular. They are also successful, some of them eminently so. They deal principally in articles of consumption, bakeries and groceries being especially numerous. Out of a total number of 33 which have come under my notice, I append particulars of the following:—

BAKERIES.

Bakeries.

No.	Capital.	Returns.	Reserve.	Profit on Returns.	Profit on Capital and Reserve.	Investments. Accumulations.
	£	£	£	Per cent.	Per cent.	£
1	320	7,000	320	3	32	340
2	300	1,200	..	5½	24½	..
3	3,200	16,000	1,600	5	17½	3,400
4	630	2,800	200	6½	18	..
5	1,200	5,000	Usual dividend to shareholders, 25 per cent. on amount paid up. This society always undersells the market two centimes.			
6	Has 180 members; is very successful, but does not publish either figures or results.					
7	600	2,000	270	} Successful, but do not publish results.		
8	175	1,700	..			
9	240	2,000	282			

* Annex II., p. 29.

Groceries, &c.

GROCERIES AND ARTICLES OF GENERAL CONSUMPTION—PARTICULARS BELOW
OF THE OF THEM.

No.	Capital.	Return.	Reserve.	Profit on Returns.	Profit on Capital and Reserve.	Investments. Accumulations.
	£	£	£	Per cent.	Per cent.	£
10	280	1,800	140	1	2	..
11	880	4,500	240	5½	21½	..
12	580	4,200	200	5	26½	..
13	770	3,400	172	2½	8½	..
14	900	12,000	1,100	7	41	1,200
This society deserves especial notice. It divides the greater portion of its profits between purchasers and shareholders; to the former, premium on purchases <i>pro rata</i> of amount purchased; to shareholders, discounts and advantages obtained by society as buyers. Remainder to reserves.						
15	Is successful, but does not publish. Profits: half to reserve, half to purchasers <i>pro rata</i> of amounts purchased.					
18	350	2,800	280	} Profits not stated.		
19	2,560	8,000	150			
23	400	4,000	370			
28	900	4,000	400			

Combustibles,
wood, coal, &c.

COMBUSTIBLES.—WOOD, COAL, &c.

No. 29. Society formed at the end of 1883. 650 members. 2l. shares; 8s. paid up. No results published.

PRINTERS.

No.	Capital.	Gross Takings.	Gross Profits.
	£	£	£
30	1,280	2,900	Excellent results.
31	1,600	2,800.	720

No. 32. The society "La Ruche" (General Consumption and Savings) is particularly interesting. 150 shares subscribed; capital 600l., of which 150l. paid up. Society founded in 1866. The results of 18 years' trading are as follows:—

- A. 450l. placed to capital account, making the shares fully paid.
- B. 1,031l. placed to reserve account.
- C. 4,840l. placed to provision account (*prévoyance et service des pensions de retraite*).
- D. From the commencement a dividend has always been earned and paid.
- E. 60 per cent. of profits has been returned to purchasers *pro rata* of their purchases.
- F. As against the 1l. originally paid, there are members who, in addition to regularly received interest on their capital, now possess 37l. of the reserve and provision account; and others, who are called *sociétaires rentiers*, who annually receive 5l. 8s. and upwards.

Annex II.

CO-OPERATION AMONGST WORKMEN AT BORDEAUX.

The more particular objects for which workmen in this part of Bordeaux, France have hitherto joined together have been *firstly* mutual assistance in cases of sickness and old age, to which end numerous societies have been formed under the name of "Sociétés de secours mutuels," of which no less than 130 exist at present at Bordeaux alone; or *secondly*, they have formed associations under the name of "Syndicats professionnels," i.e., associations amongst workmen of the same trades or industries, established for the purpose of upholding the rates of wages and other interests of the members of the respective trades and industries, in reference to the demands of their employers. Of these "Syndicats professionnels" there are at present about forty at Bordeaux amongst workmen of various trades. Employers have on the other hand formed similar "syndicats" for maintaining their interests against those of the workmen. It is probably well known that previously to the publication of the French law of March 21, 1884, most of these "Syndicats professionnels," though supposed by many persons to be formed according to the terms of the law of June 17, 1791, were in fact illegally constituted, and therefore, where they existed, were merely tolerated by the authorities. The law first mentioned has, however, sanctioned their formation and constitution, but it has not, as was thought by its most energetic supporters, had the effect, in this town at least, of rendering workmen more eager to assert their privileges than heretofore. Strikes are hardly known in this town, at all events not to any important extent; but it should be remembered that Bordeaux is not, in the general sense of the word, a manufacturing town, and possesses only very few large industrial establishments or industries of great importance.

Co-operative associations amongst the working classes of this town are as yet in their infancy; for though, as will be seen below, the first association of this kind was established 12 years ago, and two others soon after, the movement was not of numerical importance; nor has it been followed up until a fresh impulse was given to it about three years ago, since when several other, though not large, associations on co-operative principles have been formed. This further development has probably been owing to a considerable degree to the influence of the depressed condition of industry and trade, and the falling-off in the general prosperity of the industrial classes in this district; for it can hardly be said that the principle of co-operation has upon the whole gained more popularity in this country, and if it has actually been resorted to of late more than heretofore, the reason has probably been that it has been adopted as a last resort for combating the distress which is prevailing amongst the classes in question.

The co-operative associations existing at present at Bordeaux amongst the working classes are as follows:—

I. *Associations for Providing Cheap Commodities of Life, viz.:—*

(1.) "Société d'Épargne et de Prévoyance de St. Renny. — This Société association was established in 1873, and numbers at present 277 d'Épargne, &c. members, with a capital of 1,340*l.* It is composed of workmen of all kinds and classes, as well as of employés in commercial and other

offices; and was started by a certain number of these persons for the purpose of enabling them to purchase the most indispensable commodities of life at the lowest possible prices. The minimum monthly contributions for each member is fivepence, with an entrance fee of four shillings, payable, if desired, by instalments. The association is in a flourishing condition.

Union Economique. (2.) "Union Economique de Bordeaux;" established in 1875.—This association now has 180 members, and a capital of 480*l*. Its objects are the same as those of the first-named association, and it is said to be working satisfactorily.

Les Prévoyants de l'Avenir. (3.) "Les Prévoyants de l'Avenir."—This is a branch of the association of the same name established at Paris, which numbers about 9,000 members in various parts of France, and has a capital of about 8,000*l*. The Bordeaux Association was formed in 1882, and now numbers 260 members. Its objects are the same as those of the two preceding associations, viz., to provide commodities of living to its members at the lowest possible prices.

Société des Chemin de Fer. (4.) "Société Co-opérative des Employés et Ouvrières du Chemin de Fer d'Orléans."—An association, as the name indicates, formed amongst persons of all classes employed at Bordeaux by the Paris-Orleans Railway Company. It has only recently been established, for the purpose of enabling its members to furnish themselves with all commodities of life at wholesale prices. The number of members is at present 436; the capital, as well as the rules of the association, are unknown to me. It is said to work satisfactorily.

Boulangerie centrale. (5.) "Boulangerie Centrale Co-opérative."—This is an association which, by means of a bakery of its own, provides its members with bread at cost prices. The number of members is 159. It is reported to work satisfactorily for those concerned,

La Solidarité. (6.) "La Solidarité."—This is an association in progress of formation amongst workmen of the parish of St. Bruno at Bordeaux, and intended to enable them to purchase commodities of life at wholesale prices.

II. Associations for Co-operative Production.

Société de la Gironde. (1.) "Société Anonyme de Tonnellerie de la Gironde."—This is an association formed by persons (numbering at present 65) belonging to the cooperage industry at Bordeaux for the purpose of making, selling, and buying casks, and furnishing work to its members when necessary, each member contributing a small monthly sum for general purposes. Its capital now amounts to 2,000*l*. The association was started in 1875, and is said to be in a satisfactory condition.

Société des Tailleurs. (2.) Société Générale des Tailleurs de la Gironde."—An association formed in the year 1882 with the twofold aim of co-operative production of articles of clothing, and of providing commodities of life at cost prices to its members. It appears that this association has not experienced the success expected, and consists at present of only 50 members, with a capital of 800*l*.

Participation in profits. (3.) The idea of granting to the employed the privilege of participating in the profits accruing to their employers has to a certain degree been practically carried out at Bordeaux since many years by numerous mercantile or industrial firms, which have been in the habit of according a certain share of their annual profits of business to their chief clerks. But the principle of *co-operative* workshops or other establishments, in which employers and workmen participate in such profits is, so far as I can ascertain, only acted upon in this town in one establish-

ment, viz., the printing office of the Bordeaux daily newspaper, "La Gironde." The proprietor of this office granted for the first time in the year 1884 (and has since then continued the arrangement), to all of his workmen who had been in the establishment at least two years, an interest in the annual profits of his business at the rate of 15 per cent., payable according to the amount of their wages. During the year mentioned the total sum thus gained by the workmen was about 1,000*l.*, which was placed to their credit by the proprietor of the printing office, in order to be returned to them as pensions on their leaving the establishment when unfit for work.

III. *Other Associations Established on Co-operative Principles at Bordeaux.*

(1.) "Société Populaire d'Epargne, de Crédit, et de Consommation."— Société Though not strictly speaking established on co-operative principles, I believe this association should be here mentioned, as it is destined to become a co-operative association for certain purposes. This association was formed in the year 1884 for the purpose of improving the condition of the working classes by offering them greater facilities for saving money, obtaining credit, and to obtain cheap articles of daily consumption. It was started with a capital of 200*l.*, which, if permitted by a general meeting of the members, might be increased, the capital being raised in shares of 2*l.*, payable in monthly instalments of one-tenth; every member to pay a fee on joining of 4*s.* It appears that after some consideration the association abandoned the idea of establishing a savings and credit bank, as it found that the same was not sufficiently popular (and that the Municipal and Government Savings Bank sufficed at present for that purpose). The object, however, of providing articles of daily food was carried into operation by establishing in the first instance a bakery upon improved principles, which produces now about 5,000 pounds of bread per day, at the price of 1½*d.* per lb.; the bread being purchasable at 15 different stores in Bordeaux. During the last few months the association has begun to sell wine of a cheap kind, viz., at 1½*d.*, 2*d.*, and 2½*d.* per pint, and it is intended gradually to extend the same system to other commodities. The articles in question are sold to the public on cash payment only; the profits arising from the sale are divided among the shareholders, but the public at large of course profits by a fall of prices of the articles sold, which it is taking care shall always be of good quality. The capital of this association has, it is stated, been lately increased to about 8,000*l.*, the number of shareholders being at present 670.

IV. *Final Remarks.*

There are no other associations of any kind carried on upon co-operative principles at Bordeaux, or, so far as I am aware, in the neighbouring towns of this department (Gironde), but a few associations would probably be found to exist in some of the larger towns in other departments belonging to this Consular district—such as Toulouse, Montauban, Tarbes, Auch, Agen, &c. I much regret, however, that I am quite unable to obtain any information regarding these towns.

WILLIAM WARD, H.M.'s Consul,

Bordeaux, May 6, 1886.

No. 2.

GERMANY.

Sir E. Malet to the Earl of Rosebery.

My Lord,

Berlin, June 26, 1886.

WITH reference to your Lordship's despatch, marked Circular of 6th April last, I have the honour to inclose herewith a Report by Mr. Vincent Corbett, Attaché to Her Majesty's Embassy, upon Co-operation in Germany. The report is drawn up with great ability, showing careful research and combination of material, and it has given me much satisfaction to express to Mr. Corbett my strong approval of the manner in which he has performed the work assigned to him.

I have, &c.,
(Signed) E. B. MALET.

Inclosure 1 in No. 2.

Report on Industrial Co-operation in Germany.

ACTUAL co-operation for productive purposes—that is to say, the introduction of many small capitals, whether in money, implements, or abilities—has met with little favour among the working classes of Germany. Co-operative enterprise, as will appear further, has been widely successful in various directions, but it has been chiefly among the well-to-do classes. The real German workman has a socialistic bias in spite of, and it may indeed be said in consequence of, the anti-Socialist laws. The philanthropist and political economist have little chance of making themselves heard. “How,” said a member of the Reichstag, “can we attack the principles of a class, who are already hounded down by the police?” In Germany, as elsewhere, the “sanguis martyrum” has proved a seed of too robust a growth to be coped with by the prosaic promises of political economy. “If you will work hard and economise diligently, your old age shall be saved from want,” is too modest a promise to stand a chance when pitted against the Socialist dreams of a millennium, when all wealth shall be divided, when every man shall reap the full reward of his labour, and capitalists shall be no more.

The constant complaint of those who, in Germany, have endeavoured to organise systems for the benefit of their workpeople, is that the latter are incapable of appreciating the value of making provision for the future. The German workman is like a child, for whom the future contains endless possibilities. “Twenty years hence anything may happen,” and he cannot be persuaded to stint himself in the present for a distant, and after all moderate, advantage in the future. Exceptions of course there are, and co-operation is making advances even among the poorer working classes; but the general consensus of opinion bears out, I think, the view that the German labouring classes are not yet educated up to a point, nor possessed of sufficient power of looking

forward to make industrial co-operation a real factor at present in the regeneration of the relations between capital and labour.

The State
and industry.

A writer in the "Arbeiterfreund," or "Workman's Journal," for 1882, sums up the present situation with regard to the question substantially as follows:—

Owing to the excitement caused in the summer of 1878 by the two attempts on the life of the Emperor, which entailed the introduction of the Socialist law, general and open discussion of industrial questions was for a time hushed. Since then public opinion has occupied itself with politics rather than with the theories of national prosperity, and shows but scanty inclination to test slow-acting and peaceful means for the establishment of harmonious action between labour and capital. The characteristic feature of this recent turn in the national economy of Germany is the predominance of the social over the individual element, and the preference given to State management as opposed to private and universal thrift. The true causes, lying beneath the surface and explaining the present tendency in favour of State-Socialism, may be summed up as (1) the restoration of the German Empire, (2) the great depression of trade, (3) the appearance of Socialism proper, and (4) last, but not least, the present attitude of the leading German statesman. The surprising rapidity with which the political constitution of the German Empire was established by means of eminent diplomatic and military achievements on the part of the State makes men believe that the well-being of the people might likewise be secured far more speedily from above, i.e., by the instrumentality of the intellectual and material forces at the disposal of the Government than has hitherto been deemed possible. This view creates the tendency to introduce State monopolies into branches of industry that have hitherto been left to enjoy free scope upon the strength of their own resources, not to speak of other most important changes regarding the commercial and industrial policy of the country. The dispute over the expediency of such measures, as well as the theoretical doctrines advanced in support of the same, agitate public opinion throughout Germany. At the same time, however, few German scientific men make it their task to sift purely scientific controversial questions in order to prepare firmer ground for the dogmatic settlement of the fundamental laws of national industry; whilst, on the other hand, the practical man of business engaged in trade shrinks from incurring expenses in making voluntary sacrifices or embarking in experiments with regard to the labour question, apprehending that the State may one day make it compulsory for him to contribute thereto to quite an incalculable extent in the event of their encroaching on his private management.

There are not, however, wanting signs that, since the above was written (1882), a reaction is making itself felt against State interference, but the political circumstances of the Empire necessarily render any such reaction slow and weak.

Difficulty of
obtaining in-
formation.

The German Government, as well as private societies, are somewhat reticent in providing information on commercial or industrial questions, and, indeed, no continual or periodical registration of co-operative societies exists, so that information on the subject must be gleaned from various and often not impartial or accurate sources. The most observant notice of co-operative movements, so far as they concern the artisan and labouring classes, is probably taken by the "Central Association for the Welfare of the Labouring Classes," and its organ, the "Arbeiterfreund," while very valuable statistics are to be found in the yearly report of the Central Union of German Co-operative Societies, on which the following report is principally based:—

Societies or associations belonging to this latter union are entitled "Registered Associations," and are established under the Prussian law on co-operation, of the 27th of March, 1867, and the German law on the same subject of the 9th of July, 1868. These laws grant special privileges to co-operative societies, that is to say associations not restricting themselves to any fixed number of the members composing them, and got up with a view to facilitating the obtainment of credit, the earning of a livelihood, or prosecution of husbandry by their members by means of joint management of their business. Every business of a co-operative character organised on this basis is required to have its name, the object of its undertaking, &c., duly entered in the register of co-operative associations forming part of the general commercial register.

A great number of associations have united themselves under the leadership of a Counsellor (Anwalt) in the Central Union mentioned above.

Such enterprises are in Germany indissolubly connected with the name of its great founder, Schulze-Delitzsch. The movement, which he started and organised with extraordinary genius, is entirely based on the principle of "self-help." "If a man cannot save a few pence by denying himself a couple of glasses of beer a week," said Schulze, "I can do nothing for him."

The history of Schulze's attempts are briefly as follows :—

In 1849 he founded at Delitzsch, in Saxony, a "Sickness and Death" fund, which, for a small monthly subscription, afforded help and medicine to the poorer artisans and labourers in case of illness, continuous pecuniary support in cases of incapacitation from work, and contribution towards funeral expenses in cases of death.

In 1850 Schulze started a loan society, and in reorganising the same in 1851 he introduced the principle of unlimited liability, and completed his system, as far as essentials were concerned, by forming capital for individual members by the introduction of inalienable shares. The example thus set was quickly followed, and many mutual help societies sprang up in various parts of Germany.

The principle of unlimited liability, on which Schulze most strongly insisted as the keystone of his system, was also adopted by Raiffeisen, who founded similar societies chiefly in agricultural districts. The double effect seems to have been to raise the credit of co-operative societies and to confine them to persons of small means, persons of larger fortune being shy of risking their whole property.

As mentioned above, the societies on the Schulze-Delitzsch plan have been regularly organised into an association, the principal objects of which were briefly described by him in the report of 1874 as being the following :—

"The General Union of the German Industrial and Economical Co-operative Societies, founded on the principle of self-help, the affairs of which are at present managed by me as salaried agent, sends delegates of the associations belonging to it to an annual general assembly, which controls the affairs of the union as supreme authority, without interfering with the independence or with the special affairs of the individual societies. As connecting links between the central authority and individual associations, subordinate unions, which embrace the societies of various German countries or provinces, or of special branches, have been formed, whose task it is to attend to their special interest, and to communicate between them and the central authority. They prepare for the general assembly in special assemblies of their own, and enforce the resolutions of the former in their districts,

while the presidents chosen by them form a committee which assists the agent in carrying on the business of the union in the interval between the general assemblies. Thus, without interfering with the free action of the individual societies, a central point is created for the exchange of experiences, for the sifting and criticising of the ever-accumulating material, for advice and help for members in any kind of embarrassment, and finally for common defence against threatening danger. Add to these advantages the most valuable business relations between the several societies in the execution of commissions, and especially in mutual assistance with capital." The resolutions of the general assembly have only the force of advice, and their acceptance is enforced only by the weight of their own reasons, and not by pressure of any kind.

The number of co-operative societies of various kinds belonging to the association rose from 171 in 1859 to 771 in 1864, to 1,644 in 1874 to 3,688 in 1883, and 3,822 in 1885 (January 1). They were distributed as follows:—

Societies.	In 1885.	In 1883.
Loan and credit societies	1,965	1,910
Co-operative societies in various branches of trade ..	1,146	1,070
Co-operative store societies	678	675
Building societies	33	33

The number of members was at the end of 1884 1,500,000. Of own capital they possessed in shares and reserve funds 300,000,000 marks, of borrowed capital 500,000,000 marks.

The report of the German Co-operative Union for 1884 declares that the movement is expanding most satisfactorily in all directions.

Raiffeisen.

Another name that calls for special mention in connection with co-operative enterprise is that of Raiffeisen. In consequence of the bad harvest, the winter of 1847–48 was one of extreme distress in Upper Silesia. To meet this distress, some of the richer inhabitants clubbed together and imported meal and potatoes in large quantities at wholesale prices, and retailed the same to their poorer neighbours; they subsequently established a bakery with the result that the price of bread was reduced 50 per cent. Having thus proved the efficacy of combined action, and seeing that the distress among the poorer classes was likely to become chronic in consequence of the inability of the agriculturists to borrow money in bad times at any but the most exorbitant interest, and thus discounting the profits of good seasons, a society of 60 of the richer inhabitants was formed for the importation of cattle, which they resold at a moderate price, which was to be repaid in five years. This modest attempt, though in a measure successful, proved quite inadequate to achieve any permanent result. After much difficulty and opposition Herr Raiffeisen established in 1852 a society for the benefit of the agricultural population under the name of the "Heddesdorfer Benevolent Society," the object of which was to grant loans at moderate interest, to provide for orphans and those out of work, and with many other similar objects. The aims of the society proved, however, to be too ambitious, and in 1864 the Heddesdorfer Loan Society was formed with simpler objects, and was the first of a series of similar associations.

In Appendix No. 1 are given the rules of a loan society on the Raiffeisen system, as it is at present understood.

It may here be mentioned that the co-operative movement in Germany is unfortunately at present associated with the Radical political opinions. Even Schulze, though at first he kept the movement free from political colour, was carried along by the tide in his later years. The consequence has been that co-operative enterprise on the self-help principle is looked upon rather with suspicion by the ruling authorities.

Co-operative Stores.

Co-operative store associations exist in considerable numbers in Germany, and are in the main very successful. They bear the name of "Consumvereine." Many of the earlier associations confined themselves to making contracts with dealers, provided that the latter granted a discount to the association on all goods sold, which discount was, after deduction of expenses, divided among the members.

Those formed since 1863 have followed more and more the principle of similar English associations. They give no credit, sell at the market price, and, after providing suitable interest for the business shares of the members, divide the net profits in proportion to the goods bought, which proportion is marked by dividend counters; but there are some very well-conducted societies which sell at the lowest price possible, and divide the profits equally, or in proportion to the business shares of the members. As in England, the more developed societies are gradually undertaking the production of their own goods. The South German associations have taken a step towards the establishment of a common wholesale business by forming a joint-stock company for the purchase of goods at Mannheim: in North Germany this was in 1878 still regarded as premature. Nearly all the important co-operative store associations have registered themselves under the Co-operative Societies' Law.

The proper principles on which such associations should be conducted are laid down by Schulze-Delitzsch as follows:— Their rules.

1. Those who buy from the society should themselves be members of it; sale to non-members is, however, allowed as being likely to induce the latter to join.
2. Business shares should be gradually acquired by the members up to a normal sum by the payment of a small subscription, or by accumulation of their dividends.
3. A common reserve fund is formed by keeping back a certain number of shares, and by a small entrance fee for members.
4. Capital is borrowed on the common security of members, or (though this should be avoided) goods are bought on their common credit.
5. Sales are for ready money, the profits being divided between the reserve fund and the members' dividends.
6. The manager and officials are paid according to the work they do.
7. The number of members is unlimited, entry into and withdrawal from the society being equally free.

The above rules being stamped with the great authority of Schulze, represent the general principles on which the vast majority of co-operative associations work, and are recommended to all by the Central Union.

The number of co-operative store associations in Germany belonging to the Union has risen from 41 in 1862 to 96 in 1864, 610 in 1874, 675 in 1883, and 678 in 1885 (January 1).

The list for 1884 showed an average number of members as 702 per society, or an increase of about 60 on the preceding year.

The average sales for the year 1884 amounted to 206,253 marks, as against 190,025 marks in 1883, 184,641 marks in 1882, 177,089 marks in 1881, and 155,687 marks in 1880.

In own capital these societies possessed an average in business shares of 24 marks 6 pf. per member, as against 27 marks 7 pf. per member in 1883, 25 marks 7 pf. in 1882, and 26 marks 5 pf. in 1881.

The average reserve fund was 14 marks 3 pf. per member, as against 13 marks 4 pf. in 1883, 10 marks 1 pf. in 1882, and 10 marks 3 pf. in 1881.

The decrease in the average amount of business shares possessed by each member is owing to the fact that the savings deposits of members (for the purchase of shares as soon as the normal sum is reached) are generally no longer reckoned as "property of members," but as "debts contracted."

The 163 societies showed a total for dividends on capital and purchases of 2,412,366 marks, or a dividend of 85 per cent., as against 71 per cent. in 1883, and 65 per cent. in 1882.

The annual report of the German Co-operative Union for 1884 says:—

"The importance of the latter figures is evident when it is remembered that the societies are chiefly composed of the poorer classes."

There was in 1884 a slight increase in 'outstanding debts for goods purchased. Such debts, which are much deprecated by the Central Union, appear mostly among those societies who provide necessaries for winter use, such as coal, turf, potatoes, &c., and in which two, three, and four months' credit is given.

The percentage of the various callings of members is as follows:—

	1884.	1883.
	Per cent.	Per cent.
I. Farmers, gardeners, foresters, and fishermen, of independent position	3·7	3·7
II. Labourers and helpers in the above callings ..	3·8	3·7
III. Manufacturers, possessors of mines, and builders..	1·5	1·7
IV. Labourers and apprentices in the above callings..	40·4	41·2
V. Independent artisans	15·4	15·0
VI. Independent merchants and tradesmen	4·6	4·1
VII. Shopmen, &c.	1·6	1·4
VIII. Carriage and ship owners and publicans.. ..	2·7	2·4
IX. Postmen, post and railway employés, sailors, and waiters	7·0	7·2
X. Porters and messengers	1·8	2·3
XI. Physicians, chemists, teachers, artists, and officials of the Church, State, or parish	10·9	10·8
XII. Persons of independent income, pensioners, and other persons plying no calling	6·6	6·5

Among the causes of the failure of certain associations during 1884 the following are given:—One society failed in consequence of their "unfortunate choice of a storekeeper;" another in consequence of quarrels among the members; a third society were obliged three times to change their storekeeper, and eventually came to an end in consequence of the impossibility of finding a suitable person; a fourth came to grief in consequence of the desire of the members to divide the reserve fund.

The latter is a rock on which many societies have split. As soon as the society find themselves conjointly possessed of any considerable sum of money, individual confidence seems to give way, and greed of the immediate possession of their own share prompts the members to dissolve the association.

Co-operative Workshops.

Dr. Engel, reading a paper in March, 1867, on the establishment by Herr W. Borchert of the system of co-operation in his factory, remarked:—"The social question is no longer a question; its solution has been found, and the putting of this solution into practice has already begun." This sanguine view has, however, not been altogether borne out by experience, and at the present time co-operative workshops have been but little established in Germany, and the general opinion is unfavourable to them.

The favourable years, from 1870 to 1873, seemed to bid well for the establishment of a system by which the workmen should be made participators in the profits of their industry, and the governments of Germany took pains not only to try the system in their own works, but to obtain information as to its working elsewhere. The initiative was taken by Bavaria and from an inquiry made in 1874 from 50 Bavarian firms, of whom about 30 sent replies, it appeared that in most cases such participation was confined to premiums, gifts, and a percentage to overseers and foremen. These cases were chiefly the result of individual liberality on the part of employers of labour, and, as they ceased in the time of industrial depression which succeeded, they are without scientific value.

The "Report on Arrangements for the Benefit of Workmen in the larger Industrial Establishments of Prussia," published in 1876 by the Prussian Government, states that at that time there were 439 cases of establishments in which the workmen shared in the profits, and 61 where they shared in the capital. A closer analysis of these figures, however, shows that in most cases such participation was confined to the *foremen* and *overseers*, and that in only 16 cases did *all* the workmen have a share at once in the undertaking, and in 18 others after a certain lapse of time.

Schulze-Delitzsch always declared that Productive Associations, *i.e.*, "associations of a number of small masters or of wage-labourers for the purpose of industry on a large scale for common account and at common risk," was the highest form of association, and the key-stone of his whole system. Such associations, he pointed out, are most easily established the less capital they require and the more readily the goods produced are sold. They are most difficult to establish in branches of industry which, owing to minute division of labour, require the co-operation of workmen of different trades, or which entail expensive machinery.

Hitherto the general history of productive associations in Germany seems to have been pretty nearly the following:—A not very large number of workmen join together to establish a common workshop and sell their products for common account. The original intention of admitting new working members is frustrated by the fact that, whereas an individual capitalist can increase or diminish the number of his hands according to the requirements of the market, every unfavourable conjuncture has the effect in a co-operative association of leaving some of the members not fully occupied. When better times come the admission of new members is looked on with disfavour, because it

Their usual history.

only renders the position of the others worse if times of depression return. There is further the difficulty that the advantages shared by the new members are the result of sacrifices on the part of the old, for which the latter are not indemnified. It consequently results that the associations refuse to admit new members, and in good times employ regular workmen hired for wages and liable to dismissal, and thus in the moment of success such associations lose the essential characteristics of co-operative societies.

To meet these difficulties Schulze recommends :—

1. The admission not only of members of the trade, but, as sleeping partners, of persons who, without taking any share in the industry of the association, are yet willing to venture a deposit of capital; and of workmen who enter the association at once, but, as they cannot be employed at once, remain for the time being as wage-labourers under other employers.

2. The participation of new members in the profits only after a certain lapse of time.

3. The application of borrowed capital, and not of the society's shares, to the acquirement of such real property as is required, such borrowed capital not being reclaimable before a certain date, but receiving interest.

4. Withdrawal from the association to be subject to as long notice as possible.

Division of profits.

As to division of the profits, most German associations agree with Schulze that, after the reserve fund has been duly considered, 5 per cent. interest should be added to each business share; that then half the surplus should go to swell the shares as super-dividends, the other half being dividend as bonus among all the workmen and officials according to the amount of salary they have received during the year.

It is very difficult to obtain accurate information respecting co-operative undertakings for productive purposes, as, from reasons of trade, such associations are very reticent with regard to their working.

In the report of the German Co-operative Union for 1884, 145 productive associations are mentioned under the following divisions :—

(1)	21 Cabinet and Instrument Makers' Associations.	
(2)	17 Spinners and Weavers'	"
(3)	13 Millers and Bakers'	"
(4)	11 Booksellers and Printers'	"
(5)	10 Tailors'	"
(6)	7 Butchers and Slaughterers',	"
(7)	7 Brewers'	"
(8)	6 Cigar Manufacturers'	"
(9)	6 Carpenters, Builders, and Stonecutters'	"
(10)	5 Metal Workers'	"
(11)	5 Spirit and Brandy Distillers'	"
(12)	5 Shoemakers'	"
(13)	5 Clockmakers'	"
(14)	24 Various	"

The same report gives statistics of 10 associations which made a net profit of 5.5 per cent., allowing of a dividend of 13.6 per cent., as against 16.0 per cent. in 1883, and 13.5 per cent. in 1882. Whether this dividend is paid to the members in money down or not does not appear. Of the working capital of these societies 36.4 per cent. was their own.

These results show that under prudent management co-operative workshops may be made to answer, but their development so far is small.

With regard to co-operation between employers and employed,

capitalists and workmen, some examples are given below, but, as will be seen, the mode of dividing profits in them is infinitely various, and does not admit of being reduced to a fixed scale.

I can find no authority, with the exception of Herr Borchert, of opinion that workmen's participation in profits has had the effect of preventing strikes. It is impossible, indeed, to say that strikes would have occurred had not co-operation existed, and the converse is equally incapable of proof; but even Dr. Parisius, a great authority on such subjects, and an ardent Radical and follower of Schulze-Delitzsch, told me that he was bound to confess that he saw no reason to believe that the introduction of co-operation in Germany had any effect in preventing strikes or other disputes.

The following examples give instances of special cases where co-operation has been employed in productive enterprise in Germany.

Berlin Brass-work Company.

At the close of the year 1867 Herr Borchert assembled his foremen and workmen, about 70 in number, and informed them of his intention to attempt the formation of a company similar to the English co-operative associations. He proposed to divide his factory, which, with its buildings, machines, and stores represented a value of 900,000 marks, into 6,000 shares at 150 marks each, and offered to let the workmen by degrees purchase the whole of these shares. In the first year the workmen were to be allowed to purchase at most 600 shares (one-tenth of the whole). For each share 18 marks down was required, the price to be completed in instalments of 4 marks, payable at intervals of four months: the shares not to be ceded or resold during 1868.

Berlin Brass-work Company.
Borchert and Co.

The purchasers of shares formed a company, which elected from its members a managing committee of three persons. This committee, who were elected for a year, were regarded by Herr Borchert as his confidential advisers; they were called together once a month, and important matters laid before them. They were not, however, to have a vote in the management of the business until a certain proportion of the capital had been acquired by the workmen.

The profits of the business, after remuneration of the workmen and the expenses for the active capital employed had been covered, were to be equally divided between labour and capital. Herr Borchert reserved to himself, as manager, a salary of 9,000 marks.

All the officials and workmen shared in the profit, provided they had worked in the company for one year, or, having worked for the greater part of a year, were likely to remain. The same rights were extended to persons absent through illness, and to the heirs of a workman who died in the company's service. The shares of those dismissed from the company were reserved for a special fund, out of which persons, not yet entitled to a bonus, received gratifications.

The half of the net profits destined for distribution among the workmen was further divided into two lots, according to the total amount of the salaries of Herr Borchert and the upper officials on the one hand, and the total amount of the salaries of the subordinate officials and workmen on the other. For the division of the sum destined for the latter category three classes were formed. The highest percentage was paid to the foremen and workmen on time wages, the lowest to those working only by the piece, while there was a mixed class between the two.

In the division of the dividends, or profits of capital, those officials and workmen who had invested money shared their moiety of the net profits according to the amount they had invested.

Such was roughly Herr Borchert's first scheme, which was approved and supported by Dr. Engel, late chief of the Prussian Statistical Office. This plan, however, was essentially modified in the first years of its practical trial. The division of the capital into business shares had to be given up. The owner found it necessary to remain sole master of the business, allowing his officials and workmen to participate in its profits by acquiring shares bearing interest and costing at least 75 marks.

In 1872 the business was turned into a joint-stock company at the advice of Dr. Engel, and began work as such in 1873. The participation of the net profits had already been given up, and, instead of it, the system was introduced of giving work by the piece only, thus enabling the workmen to receive monthly the results of their greater diligence. The motive of this change appears in Herr Borchert's speech to his workmen at the end of 1872:—

"Every one of us," he said, "has cause to be satisfied with the system hitherto adopted, but the connection in which we live and work together wants a definite commercial form, and, if the system which I have introduced is to develop itself further, it must be under some form recognised by the commercial law; and therefore, after mature deliberation, I have decided to convert my business into a joint-stock company." He goes on particularly to mention the formation by himself of a fund of 150,000 marks, which had for its object to guarantee the capital invested by the workmen, and the interest of which was to be employed for the benefit of the workmen—

1. By progressive increase of wages with increasing age, for foremen and workmen who had been above two years in the company's service.

2. By increasing the pensions of superannuated workmen.

3. By payment of pensions to widows and orphans.

The guarantee afforded by this fund was not to extend beyond 1,500 marks for each individual workman.

The balance sheet for 1873 showed a clear profit of 306,546 marks.

In February, 1875, Herr Borchert wrote that he found his workmen willing, that he possessed their confidence, and that the result of the participation of profits might be summed up by saying that difficulties, strikes, and unions among the workmen against their employers were thereby avoided, and that changes in the personnel of the workmen were rendered much less frequent; whilst, on the other hand, a perceptible increase of diligence, carefulness, and zeal were not discoverable. He further stated that his experience did not lead him to regret having given up the original "partnership" system.

At that time there were on an average 150 men in the company's employ, and on January 1. 1875, 32 were in possession of shares, amounting in the aggregate to 22,500 marks.

After an existence of five years the joint-stock company was dissolved in August, 1878, and the business became once more the sole property of Herr Borchert. The change was generally due to the following causes:—

Under the influence of the heavy depression of trade, which suddenly broke in upon a period of extraordinary business activity and over-speculation, public opinion set its face against joint-stock undertakings. Diminishing returns induced some of Herr Borchert's shareholders to sell out at a loss, which naturally told on the value of the shares, till they were actually quoted below par, although for the five years of its existence the company had declared dividends of 10 per cent., 8 per cent., 10 per cent., 8 per cent., and 5 per cent. respectively.

Seeing that he could not allow his property to deteriorate unduly in value, nor meet the other shareholders' call upon him to guarantee them the capital they had invested except within the narrowest limits, he preferred to repurchase the works on his own account, paying the full price before received and redeeming the shares at their nominal value.

In 1882 the system of farming out jobs was still in force in Herr Borchert's works, and gave general satisfaction. As to the system of partnership participation, he had definitely given up all thought of reintroducing it.

In summing up the results of his personal experience, Herr Borchert held that a participation in the profits on the part of the workmen—although both feasible and satisfactory to all concerned, provided the circumstances of the case prove favourable, and the method adopted suits the requirements of a given case—cannot but retain the character of an exceptional measure, being at best a mere experiment among a number of others that crop up and disappear with every fresh turn given to the social problem; and the present time in Germany, when the State attempts to solve the labour question by means of State insurance against accidents and so forth, is decidedly an ill-chosen period for private enterprise to go in for the introduction and furtherance of like humane institutions. State socialism is, he thinks, greatly undermining the faith of the workman in the merits of such institutions, and the employer is sure to have to face pecuniary sacrifices, in the wake of which ingratitude and suspicion will probably follow.

The failure of Herr Borchert's experiment, attempted as it was by a man of immense wealth, has done perhaps more than anything else to diminish the faith of Germans in the feasibility of co-operation for productive purposes.

Windhoff Ironfoundry at Lingen, Prussia.

In 1872 this firm established a system by which 10 per cent. was yearly set aside from the net profits of the business for the foundation of a "Tantième fund" for the workmen. This sum was divided into shares of 300 marks each, and distributed among the workmen who had spent at least 10 years in the service of the firm. If the number of workmen entitled to this bonus exceeded the number of shares, the latter were drawn for by lot; the workmen who failed to obtain a share had first claim on the surplus of the following year, the remainder being either again drawn for, or equally divided. Time spent in military duty or sickness counted towards the 10 years required to have been spent in the company's service; moreover, apprentices brought up in the factory, and working elsewhere for a period not exceeding two years for the completion of their education, were considered as having been in the company's service during that time.

A workman entitled to share in the profits was pensioned in case of sickness, and in case of death the money owing to him was equally divided between a fund for pensioning workmen and a fund for workmen's widows.

In October, 1877, 14 workmen out of a total of 300 shared in the profits of the business.

Over and above this participation in the profits, the firm established a savings' bank, sick fund, and insurance fund.

Every workman, who had been 10 consecutive years in the firm's service, was entitled to a pension varying from two-tenths of his average wages after 10 years' service, and rising by one-tenth for every additional five years' service, so that after 45 years he was entitled to nine-tenths, and after 50 years' service to ten-tenths of his

average wages. Years spent in apprenticeship were counted in the number enabling a man to claim a pension; not so, however, those spent in military service.

In a letter of the firm dated October, 1877, the workmen are said to work extremely well, to be content with their lot, and on the best terms among themselves and with their employers.

Engine Works of K. and T. Möller in Kupferhammer.

K. and T.
Möller's
engine works.

For the benefit of its 160 to 200 workmen, this establishment has for many years (1878) kept up various institutions, such as a Sunday school, evening school, benefit club, model cottages, a supply association, a saving and loan society, society for insurance of workmen, &c.

The work is done chiefly by the piece, day wages being adopted only where job work is not practicable. Increased wages are granted to those who have been a long time in service of the company, or who work exceptionally well. The work contracts are sometimes made with each man separately, sometimes with groups of men: the former plan is adopted in particular with the whitesmiths, joiners, moulders, &c., whilst in the contracts with groups of men, which have been found more equitable and more practical, the earnings are distributed to the group in proportion to the number of hours which each man has worked, and to his average day wages. The making of such contracts is a difficult matter, in consequence of the various sorts of work and ever-changing circumstances. For regularly recurring tasks, tariffs of contract are hung up in the works, and for new ones the master confers personally with the workmen. For the more extensive and important contracts written agreements are made. The wages of men working by contract are perhaps 25 per cent., or 50 per cent. higher than when working for a fixed price at day wages.

Since December 31, 1874, the firm have allowed certain of their employes to make investments of capital in the business of amounts exceeding 100 marks; such employes being obliged to give three months' notice if they wish to quit the business. On these investments $4\frac{1}{2}$ per cent. interest is paid, and the investors share in the dividends. They do not directly share in the losses of the firm, but the deficit of one year is made good out of the profits of succeeding years. The firm have further reserved to themselves the right of granting to certain of their employes a "tantième" of the net profits, by assigning to each a fictitious share of 100 marks in the business as long as they remain in the works. On April 6, 1877, there were two persons in the counting house, three master workmen, and one fitter receiving tantièmes. The firm have found the latter system to be on the whole advantageous, but only suitable to persons working for a fixed salary, and for exceptionally good workmen.

The participators by investment were one book-keeper, one master workman, one model-maker, and one turner. The firm cannot yet (1878) report much success for the investment system, but have no doubt that better results will be seen when times are more favourable.

The savings and loan society for the workmen has been successful; it has greatly increased the disposition to save money, and has protected the workmen from usurers. About one-third of the workmen profit by the savings and loan society, and the firm have hitherto suffered no loss on money's lent.

*Co-operation in the Cigar Factory of Messrs. C. Keilpflug and Co.,
Berlin.*

The owners of the cigar factory introduced on April 1, 1876, the C. Keilpflug arrangement of granting to their workpeople (29 males and 34 females) and Co., half the profits of the retail business, to be equally divided amongst cigar manu-
facturers. Those of the workpeople were admitted to participation who had been at least one year in the employ of the firm, and who were 24 years old or upwards; some exceptions existed. They had two representatives, viz., the foremen and one workman elected by his colleagues.

The experiment could not be maintained. The ill-will of the working classes and the attacks of the Berlin Social Democratic Press very soon compelled the firm to relinquish it.

Co-operation in the Power Loom Cotton Mills at Hasel.

These mills, which had been at work since 1858, were sold in 1872 Cotton mills to a joint-stock company, whose chief shareholders were Karl Mez, at Hasel. J. G. Meyer, and L. Jäger, the latter on the part of the Chrischona Missionary Society. The undertaking was to be a "union factory," i.e., a union between capitalists, merchants, and workmen, on sound Christian social principles, and was expressly intended to subserve the purposes of the above-mentioned missionary society.

The capital of the society, whose duration was fixed at 30 years from September 1, 1872, and which commenced working with 10 male and 35 female hands, was:—

					Fl.
For purchase money	..	..	..	..	50,000
building workmen's cottages	..	..	..	..	10,000
working capital	..	..	..	..	40,000

To obtain this sum there were—

					Fl.
A. 80 shares at 1,000	..	..	..	..	80,000
B. 200 „ 100	..	..	..	..	20,000

The B shares could only be held by workmen of the company.

The first arrangement for participation of profits having been found not to work, in consequence of the depressed state of trade, the following regulations were made in 1874:—

1. The 10,000 fl. set apart for the building of cottages were withdrawn. The purchase money and funds for carrying on the business were reduced from 90,000 fl. to 70,000 fl.; the number of A shares was reduced to 60, and that of B shares to 100.

2. The net profits, after deduction of interest to the shareholders, were to be shared between the reserve fund, the workman's profit account, and the Chrischona Mission Society. The shareholders were to receive half the profits as dividends.

The undertaking ended in liquidation in the course of 1877, for reasons which are not fully known. Herr Mez declared that it was not the workmen, but some of the directors who were to blame. Herr A. Schindler, of Basel, wrote that the failure was complete and absolute, but that it did not result from the impracticability of the principles on which the experiment was based, but from exterior unfavourable circumstances—notably bad times for that particular trade, the extravagant price at which the works had been purchased, and the want of business knowledge among the directors. According to his experience there are but few businesses in which such an experiment would succeed, and that only when times are good.

*Co-operative Banks.***Question III.**

Of all co-operative enterprises in Germany, the People's banks are the most developed and the most successful, and they appear to have in a great degree overcome the indebtedness and misery which was so often the lot of the working classes a quarter of a century ago, in consequence of the usurious interest that they were compelled to pay, especially in agricultural districts, on even the smallest loan.

Schultze-
Delitzsch's
Rules.

In this connection the names of Schultze-Delitzsch and Raiffeisen are again the most conspicuous as benefactors to their fellow countrymen. The main principles on which these banks are founded are given by the former as follows:—

1. The loan seekers are themselves the directors of the institution established for the satisfaction of their needs, and share the risk and the profit.

2. The transactions of the association are based throughout on business principles; the fund of the association pays to the creditors, and the loan takers pay to the fund of the association bank interest and commission, according to the rates in the money market. The managers, especially those who have charge of the funds, receive remuneration according to their services.

3. By full payment once for all, or by small continuous contributions on the part of the members, shares in the capital of the association are formed, according to the amount of which the profit is divided, and placed to their credit till the full normal sum is reached, by which means an ever-growing capital of its own is acquired for the business of the association.

4. By the entrance fees of members and by reservation of shares, a common reserve fund is accumulated.

5. Sums further necessary for the complete carrying on of the business are borrowed on the common credit and security of all the members.

6. The number of members is unlimited; entrance is open to all who satisfy the requirements of the statutes, and is free to anyone to cease to be a member after giving due notice.

Not only artisans and manufacturers, but also others, especially agriculturists, merchants, and dependent workmen, avail themselves of these banks, and they have maintained and strengthened themselves in the confidence of the public through all crises.

The Giro-Union ("Circulation Union") of German associations deserves special notice. An account is opened at the Associations' Bank in Berlin in favour of each People's bank belonging to the Union. Each bank keeps a deposit of at least 300 marks there, which can be increased by deposits in specie, by bills on Berlin or any Prussian bank, or places where there are other loan associations, or by the transference of the deposit of a third party from his account to their own; it can, on the other hand, dispose of its deposit by transference to another account, kept by the bank, or by cheques, bills payable at sight, or ordered consignment in specie. Though Schulze regarded this institution as extremely important, only a minority of the People's banks belonging to the general union belong to it also.

The following is the substance of some remarks in the report of 1884 of the Union of German Co-operative Associations:—

Without the formation of a fund belonging to each society, and not liable to withdrawal (consisting of members' business shares, which so long as their owners remain members cannot be withdrawn either in whole or in part), and of a reserve which is the joint property of the

members, and is designed to prevent the necessity of falling back on the business shares in case of losses, the transactions of the society would be without solid basis, and both outsiders entering into relations with them, and their own members themselves, would be exposed to very great risk. It is therefore necessary to provide in a manner possible for poor people, viz., by monthly contributions of a few pence for the gradual accumulation of such a fund, which further grows by the periodical addition of a dividend; this dividend serves as an effective incentive to zeal in increasing these contributions, for the share of the dividend is in proportion to the business shares. To confine the societies to this source of capital, which becomes productive only in course of time, would be to miss one of their main purposes. The quite insufficient amount of business done by the few surviving associations, which work with their own capital only, proves the extreme importance of attractive outside capital, and thus opening for poor people the sources of capital formerly open almost exclusively to the rich. To this end it is necessary to organise a credit basis, which induces the public to regard such banks as safe and convenient investments, and this has been secured by the loan associations with surprising success, by the introduction of the unlimited joint and separate responsibility of all the members. A poor man can never secure sufficient credit on even tolerably favourable terms, but a number of poor men united and jointly responsible are in a far better position. The character of the associations as loan societies is not impaired by the admission of non-members into the business, provided always that the extension of credit to members remains the main object of the association.

The number of People's banks belonging to the General Union has risen from 171 in 1859 to 771 in 1864, 1,644 in 1874, 1,910 in 1883, and 1,965 in 1815 (January 1). Statistics.

At the beginning of 1885 there were 879 credit and loan societies, or People's banks, belonging to the German Co-operative Union, giving an average number of 514 members in 1884 as against 506 in 1883, 509 in 1882, and 512 in 1881.

The sum total of credits granted by the above-mentioned societies was over 393,000,000 marks in 1884, being an excess of 3,000,000 marks over the preceding year, or an average increase of 84,000 marks per society.

The average amount of credit granted has also risen considerably, having been 3,358 marks per member in 1884 as against 3,244 marks in 1883, 3,257 marks in 1882, 3,184 marks in 1881, 3,142 marks in 1880, and 3,045 marks in 1879.

The increase of credits granted, as compared with the year before, fell in 1884 under the heads of discounted bills, bonds, mortgages, and current account business, whereas the credits given on sole bills of exchange, guaranteed by jointly and separately responsible members, had diminished. There were lent—

Year.	On Sole Bills Guaranteed by Members.	On Discounted Bills.	On Bonds.	On Mortgages.	On Current Accounts.
	Marks.	Marks.	Marks.	Marks.	Marks.
In 1880 ..	550,354,469	299,223,447	100,524,412	8,985,902	488,438,087
1881 ..	582,968,608	312,746,182	101,423,885	9,543,995	515,322,354
1882 ..	536,303,180	332,260,637	104,612,590	7,101,578	522,089,450
1883 ..	533,680,710	342,690,941	110,630,285	9,813,018	516,802,368
1884 ..	502,578,532	360,233,549	115,834,538	14,135,015	524,170,984

In the case of loans granted for fixed periods, prolongations are still (1884) of constant occurrence. Though some societies have made a point of demanding corresponding payments on account, in case of prolongations, most of the societies, induced by the prevailing superabundance of money, grant prolongations without extra payment, or for only a small extra payment. Such loans are considered by the Central Union as dangerous to the societies and disadvantageous to the borrowers.

In 1884 the capital (own and borrowed) of the associations mentioned showed an increase of 5,500,000 marks over 1883, and of 13,000,000 marks over 1882. Of the former sum 1,700,000 marks belonged to the societies themselves; 3,800,000 marks were borrowed. The proportion of "own" to "borrowed" capital was 32·18 per cent., being 0·13 per cent. higher than in 1883. In this respect, though a great advance has been made, there is still room for improvement.

The reserve funds also show a considerable increase. It is becoming more and more the rule to cover losses in the first place out of the profits of the year, and not out of the reserve funds; and an effort is evident to bring the reserve funds into due proportion to the working capital and shares of each undertaking. The conviction that in hard times a full reserve fund, not subject to withdrawal, is the most solid foundation for an association, and the most effective protection to members against deduction from their business dividends, is gaining ground more and more.

The average business share of members was 235 marks in 1884 as against 206 marks 1 pf. in 1876. The average borrowed capital per member was 870 marks in 1884 as against 834 marks 5 pf. in 1883, 822 marks 7 pf. in 1882, 809 marks 7 pf. in 1881, and 791 marks 1 pf. in 1880.

With regard to the property of loan societies in the stocks, it may be observed that those which include such securities in their yearly balance of accounts possess foreign stocks liable to great fluctuations of value only in small number, and have endeavoured to invest their unemployed capital in German public securities. Gains resulting from a rise in the value of stocks are mostly distributed as dividends to the members and profit shares to the managers, a course which the Central Union greatly deprecates.

Taking the working capital of the societies at the end of 1884 as the standard, the total gross proceeds amounted to 5·85 per cent. on the working capital as against 5·82 per cent. in 1883, 6·3 per cent. in 1882, 5·99 per cent. in 1881, 6·13 per cent. in 1880, 6·33 per cent. in 1879, and 6·57 per cent. in 1878.

The contributions devoted to educational and other generally useful purposes amounted in 1884 to 45,694 marks as against 71,422 marks in 1883, 67,551 marks in 1882, and 33,372 marks in 1881. There is, however, no retrogression in this respect, for the sums which the societies contributed for the erection of a monument to Schulze-Delitzsch are included in the total for 1883, while that of 1882 includes the sums contributed for the relief of the great distress caused by the inundations on the Rhine.

With respect to the failure of certain associations during 1884, the chief causes of losses were owing to insolvency of debtors, forgeries, and embezzlements, and similar reasons common to all branches of business, which were, moreover, in almost every case covered out of the yearly profits.

Statistics show the percentage of members of various callings to have been as follows:—

Description of Members.	1884.	1888.
	Per cent.	Per cent.
1. Farmers, gardeners, foresters, and fishermen of independent position	25.2	25.4
2. Labourers and helpers in the above callings	3.2	3.1
3. Manufacturers, owners of mines, and builders	3.5	3.6
4. Labourers and apprentices in the above callings	4.9	4.8
5. Independent artisans	30.2	30.9
6. Independent merchants and tradesmen	0.7	0.6
7. Shopmen, &c.	0.7	0.7
8. Carriage and shipowners and publicans	5.1	5.1
9. Postmen, port and railway employes, and waiters	2.0	1.9
10. Porters and messengers	1.0	1.0
11. Physicians, chemists, teachers, artists, and officials of the Church, State, or parish	6.7	6.7
12. Persons of independent income, pensioners, and others plying no trade	7.8	7.2

The class of dependent workmen contributed in 1884 11.1 per cent. as against 10.8 per cent. in 1883, the numbers for the last eight years being as follows:—

Year.	Persons.	Societies.
In 1884	43,291	802
1883	43,459	825
1882	41,853	819
1881	42,352	808
1880	41,947	814
1879	38,799	747
1878	38,095	706
1877	38,135	753

The comparison of the above figures is rather difficult, owing to the fluctuating number of societies in each year of which information can be obtained, but the main result goes to show that the number of working men who are members of co-operative loan societies is steadily increasing. Many, it would appear, leave the association to which they belong in order to obtain possession of their accumulated capital, and then rejoin the society in order to begin afresh.

It appears that 98,548 independent *agriculturists* belonged to such societies in 1884.

Credits to the amount of nearly 99,000,000 marks were granted by 559 societies to agriculturists in 1884, in 171,718 separate sums, or to 3,329 accounts. This sum also partly includes prolongations. The average credit granted to each professional agriculturist was 1,466 marks. Putting all the figures together they justify the inference that at least 10 per cent. of all the credits granted by the People's banks of Germany were granted to professional agriculturists. This calculation excludes all those who are engaged in agriculture as a secondary occupation.

It is further to be observed that agriculturists appear to have recourse to the associations to obtain credit, not in any particular countries or districts, but pretty evenly all over Germany.

In an article in the "Arbeiterfreund," in the second quarter of 1885, Herr Dr. Schneider, commenting on the proposed legislative interference with the People's banks in consequence of numerous alleged failures, remarks that the number of such failures had been greatly exaggerated, Bank failures and unlimited liability.

and that in the great majority of instances the items of loss were such as must needs occur in every banking business, seeing that they are inseparable from the essential feature thereof, viz., the lending of money on credit. Only where such losses exceed this ordinary and, so to say, legitimate quota, involving the necessity of touching the reserves, or even of making a further call on the partnership shares, will a close examination of the causes probably show something to be wrong. Happily losses of this sort have hitherto formed rare exceptions in the case of the German banks, and are fairly compensated by the handsome profits acquired by far the greater number of concerns.

The particulars given of a number of liquidations certainly, he adds, confirm the observation that unlimited correlative liability may occasionally prove a dangerous weapon in unskilful hands, and one that may play great havoc among those who command but limited means. In the worst cases reviewed, those of the industrial banks of Dessau and Düsseldorf, the average loss of each member equalled 1,676 marks and 3,900 marks respectively—sums to which individual responsibility would scarcely be extended by legislation constituting limited liability. The juridical obligation of the individual member may therefore be taken, under the present system, to exceed the bounds of that which would, in all probability, fall upon him under that of limited liability. In view, however, of the fact that, in the cases named, this juridical obligation proved futile, since it could not be fully enforced, the result has practically, perhaps, come to the same thing as it would have come to under limited liability. If it were possible to prove this much, the testimony thereof would speak strongly in favour of limited liability, inasmuch as it would reduce the difference between the latter and the present system to this, viz., that unlimited liability tends to foster exaggerated expectations on the part of the creditors without affording them proportionate security. Yet this is not quite so, for, taking the case of the liquidation at Dessau, we find that the deficit was ultimately covered by contributions both greatly in excess of, as well as far below, the average loss of 1,676 marks per member, some having contributed no more than 15 marks, while the highest amount individually borne reached the sum of 24,000 marks. Here under limited liability, even assuming so high a maximum as 1,500 marks per partnership share, all contributions above 3,000 marks would have been lost to the creditors without their obtaining any more from those who contributed but 15 marks, as the latter possessed no more, and their obligation under such conditions would alter nothing in the matter. The weak point of limited liability is that double the amount of the share of participation is the maximum guarantee which the creditors could enforce or even expect in case of failure, while at the same time every member that may not prove in a position to contribute his full share of the limited guarantee must proportionately lessen the security apparently offered.

In conclusion, the writer rejects every legislative attempt, however well intentioned, that may encroach on the independence of the internal management, and thereby undermine the very existence of co-operative banks.

Educational, Social, and Recreative Associations.

Question IV. Co-operative societies for educational purposes would appear not to exist in Germany, where educational facilities in every branch of learning are already amply provided for, and within the reach of the poor; but co-operative associations of various kinds often provide educational, social, and recreative facilities for their members of the description mentioned below.

Social and recreative facilities in general exist everywhere in the

empire, but on the most modest scale and with the most simple aims. The German working classes meet and amuse themselves, especially in the Southern and Rhine provinces, in a quiet and orderly manner, and at the cost of a few pence in a manner quite unknown to similar classes in England. Concerts may everywhere be heard for a few pfennings, and parties club together and make excursions to the country or get up dances at an incredibly small cost. Nothing, however, rising to the dignity of a co-operative society can be said to exist for the purpose.

Of societies for purposes of mutual improvement a fair example may be found in the "Berliner Arbeiter-Verein," or "Workman's Union," which formerly numbered nearly 2,000 and now but 200 members. The remainder, and those the poorer class, left the society to join socialistic associations, and the truncated society, though flourishing, is now composed of the better-to-do class.

The "Berliner Arbeiter-Verein" during 1885 held 40 meetings, of which 24 were for the discussion of political and 11 of scientific subjects, the remaining five being for private business. They possess a library of over 1,000 volumes, chiefly gifts, and their funds amount to the sum of 354 marks. During 1885 they had one mask ball, two social gatherings, two country excursions (when the families of members accompanied them), and one excursion under the guidance of an expert to the great sewage farm at Osdorf.

Such societies would seem to exist in considerable numbers, but the charm of illegality, if no more solid reasons, appear to have driven a great number of workmen to join societies of a socialistic type, where they indulge in the wildest dreams of an approaching millennium.

Co-operative Building Societies.

Societies for building dwellings for the poorer classes have met with but little success in Germany. They appear to have succeeded best in Alsace, and one at Flensburg, in Jutland, founded in 1878, possesses, according to the report of 1884-85, 19 houses, with a value of 100,000 marks, and 800 members, one of whom has the sum of 87,000 marks to his credit in the society's books. Question V.

Schulze-Delitzsch says that "so much capital not subject to withdrawal is needed for the successful and persistent activity of a building association that the procuring thereof will always form one of the main difficulties of such societies."

To overcome this difficulty, and

A. To bring the capital up to the requisite total, several societies:

1. Grant permission to acquire several business shares, according to the amount of which losses are apportioned, or
2. Grant permission to acquire several business shares, but with a proviso that the losses are to be defrayed in the first place from the first business shares, the remainder from the second, and so on.

B. To obtain a capital not liable to withdrawal:

1. They admit of the admission of sleeping partners with deposits not liable to withdrawal before the lapse of a certain time, who share in the profit and loss of the society, and have attempted
2. The establishment of a loan association for building societies on a system of limited responsibility.

In commenting on the want of success that has attended such societies, the editor of the report of the German Co-operative Union for 1884 remarks that they were mostly started at a time when land was cheap and immigration to the large towns caused a brisk demand for houses. This demand, however, no longer exists, and it is now difficult for the societies to obtain a rent sufficient to pay interest on money

borrowed, and still more difficult for them to sell profitably, while the great difficulty of obtaining capital not liable to withdrawal is as conspicuous as ever.

The number of building societies has risen from 6 in 1872 to 12 in 1873, 20 in 1874, 33 in 1883, and 33 in 1885 (January 1).

Berlin would appear at present to be the best possible field for an association of this kind, and such an association has accordingly been established (1886) by Herr Schrader, at Köpenick, within a few miles of Berlin, but in a direction in which the city is little likely to spread, and consequently the value of land is unlikely to rise greatly. This association, which proposes to build for the poorer class of artisans and labourers, has been founded with every hope of success in spite of its founder's unfavourable experience in similar undertakings in other parts of Germany.

An abstract of its statutes is given in Appendix No. 2.

The following is an example of attempt to introduce participation of profits into the building business.

Participation in Albert Niess Building and House Carpentry Company in Brunswick.

The owner of this business made a treaty on the 1st of January, 1872, with some of his best workmen for the formation of a company, the chief points of which were the following:—

The journeymen (about one-third of the whole number of workmen), if diligent, sparing in materials, and otherwise exemplary among themselves and towards the clients, of the house, participated in the profits by receiving one-fifth of the net profits for distribution among themselves. Besides the share in the gains, each of the participants was to receive wages at least as high as the average paid by similar firms in the neighbourhood. The business manager and the technical manager received one-tenth each of the net profits.

Damages were made good out of the damager's share in the profits. Bad conduct might be punished by an assembly of all the participating workmen, by exclusion from all share in the profits.

Those who left the business of their own free-will thereby lost their rights; those who were compelled to go from want of employment preserved theirs. All participants had equal rights, and no deduction was made for illness.

By this arrangement the owner hoped to overcome the daily-increasing antipathy of his workmen, and their disinclination to labour, and likewise to check the extravagant demands of socialist agitators, but in this he was entirely disappointed, and after the first year he modified the system of 20 per cent. participation in profits, but as the result still remained the same, he introduced, in 1874, a system of rewards. This, however, produced no better results, and at length, in 1875, he gave up the experiment.

His experiences may be summed-up as follows:—

1. In the distribution of profits the diligent workmen and the idle received equal shares.
2. On seeing the account books the workmen instead of being pleased with what they received, were disgusted at the small proportion it bore to the share received by the owner.
3. Increased diligence was apparent in a few only of the workmen.
4. The distribution of profits caused the consumption of the necessary reserve capital.
5. With half the sacrifice the owner might, at any time, have

obtained the services of better and more willing hands. As it was, the workmen did not even refrain from strikes.

6. The treaty was regarded by the workmen as a shackle upon their freedom. There was practically no saving in materials and tools.

The failure of this experiment proves, in Böhmert's opinion only, that humane sentiments alone will not suffice to better the social condition of the workmen, but that the conditions must be favourable. Brunswick is overrun by democratic elements, and 1872 was a time when everybody was expecting to make easy and rapid profits. The building trade would seem to be in many ways unsuited for any co-operative attempt.

Agricultural Co-operative Societies.

The formerly widespread system by which pasture land, forest, fisheries, &c., were held in common, has almost entirely ceased to exist in Germany in consequence of recent legislation. On the other hand a movement has taken place, chiefly under the same auspices as the co-operative movement on the Schulze-Delitzsch principle, by which combination now plays a very important part in German agriculture.

Dairy co-operative associations have been started in all directions. There are further associations for the purchase and use of agricultural machines, the members paying a certain sum for the use of the common property, and associations for cattle breeding, sheep farming, hops, vegetable, and vine insurance, and kindred objects.

Under the Schulze-Delitzsch system such societies are classed under four heads, viz. :—

(A) Agricultural co-operative work associations for providing machines, &c.

(B) Agricultural raw material associations.

(C) Agricultural store associations.

(D) Productive associations (dairy, breeding, &c.).

(A) Schulze-Delitzsch lays down the following principles for agricultural work associations :—

1. The capital necessary for buying the machines is raised by business shares paid in by members.

2. The use of machines is paid for according to time or space (e.g., in the case of sowing-machines). From the proceeds interest is paid on the shares, and of the surplus a part is applied to the formation of a reserve fund, and the remainder is divided as an extra dividend in proportion to the amount of the shares.

3. The possession of each share gives a vote in the general assembly, with whose sanction alone shares are alienable. All losses and responsibility are borne in proportion to the number of shares held.

4. The current business is transacted by a manager, chosen by the general assembly, who receives a share of the profits.

To the work associations, in the wider sense of the term, belong also associations for procuring and maintaining animals for breeding purposes.

(B) Agricultural raw material associations.

These associations would have prospered better if they had remained faithful to the cold and sober principle of self-help, resolutely rejected national and provincial support, and in general kept charity at arm's length. Since 1871 a great improvement has taken place in this respect.

The number of these associations has risen, since 1868, in the following proportions :—

Statistics.

			Work Associations.	Raw Material Associations.	Agricultural Store Associations.	Agricultural Productive Associations.
In 1868..	..	..	22	14	0	1
1873..	..	..	99	39	6	6
1883..	..	..	161	305	5	198
1885..	..	..	162	354	5	226

The increase under the last head is chiefly owing to the spread of dairy associations for the co-operative manufacture of cheese and similar purposes.

Co-operative associations also exist for providing manure.

There is a German association of agricultural co-operative societies, which held its first meeting in Berlin in February, 1886. It comprises 10 provincial unions and 10 separate societies, being in all 342 societies, comprising nearly 16,000 members.

Schulze points out as a peculiarity of dairy associations that they need less capital than others, because the milk delivered by the members is not paid for at once, but only the amount, according to quantity and quality, placed to each member's credit. The milk is not paid for till the end of the month, and then only after considerable difficulty, as a contribution to the member's share of the capital.

German
Agricultural
Union.

The following is the substance of the rules of the German Co-operative Agricultural Union, dated February, 1885 :—

Their objects are A. (1) defence of common interests, (2) mutual support, (3) development of co-operation in agriculture ;

And B. (1) purchase in common of agricultural stock, (2) sale in common of agricultural produce, (3) working up in common of agricultural products.

Their affairs are managed by (1) a general council consisting of members elected by each society belonging to the union, which meets once a year, fixes the subscription, and votes application of the funds, (2) A committee of the same, and (3) a manager elected by the latter.

The rights of members are (1) to elect representatives for the general council, (2) to carry out the orders of the council, and (3) to submit propositions to the same.

Their duties are (1) to pay a fixed subscription, (2) purchase the society's publications, and (3) forward the objects of the union.

The following is the substance of the report of an Agricultural Loan Association :—

Union of South West German Co-operative Agricultural Credit Societies.

The report of this union for the year 1884 shows it to have embraced 71 societies. Fifty of the latter communicated their balance sheets for that year, from which it appears that during 1884—

	£
(a) They advanced loans to the extent of	52,859
(b) And for the purchase of real property	19,863
(c) Loans on current account amounted to	23,317
Total	96,039
The interest on these advances amounted to	8,543
While the interest charge for the employment of borrowed funds was	6,107

The rate of interest charged on the part of the societies was, generally speaking, 5 per cent., and a (banking) commission of $\frac{1}{4}$ per cent., the latter being in some instances as high as $\frac{1}{2}$ per cent., or even 1 per cent.; a few societies charged their clients 6 per cent. net; one society even charged 5 per cent. interest and 3 per cent. commission. The rates charged on current accounts show mostly 5 per cent. on the debtor side, against 4 per cent. on the creditor side. For their borrowed working funds the majority paid 4 per cent. interest, granting the same rate on saving deposits lodged with them.

According to the balance statements under consideration the assets comprise—

	£
(a) Outstanding loans	69,248
Purchase advances	61,103
Outstanding in current account,	17,634
Total	147,990

Credit advances granted under the same heads during 1884 amounted to 96,039*l.*

Further (b) Outstandings in current account with banks and other societies	£ 8,869
(c) Cash in hand	5,338
(d) Funds invested in securities	8,149

The liabilities comprise—

(a) Borrowed capital.. .. .	50,954
(b) Saving deposits	93,016
(c) On account of current claims due to members	62,149
(d) Ditto due to banks, &c.	5,877

Thus making a working capital, not belonging to
the societies, of 211,996

Of own capital 33 societies possess 4,387*l.* in business shares (17 have no shares of this kind); 42 societies have accumulated 4,038*l.* reserve funds (eight having not yet reserved any).

Hence these 50 societies in round numbers utilise a capital, not their own, of 212,000*l.*, as against a capital of their own of 8,500*l.*

Under the head of Saving Deposits the returns for 1884 show 21,284*l.* to have been paid in, against 10,141*l.* withdrawn. In the case of 12 societies the minimum allowed to be paid in is 10 pf. (one-tenth of a shilling); seven societies receive no deposits under 20 pf.; two limit their minimum to 6*d.*; 32 others accept from 1*s.* to 5*s.* and upwards only, and four accept no deposit under 10*s.*

The usual maximum of participation on the part of members is fixed at 50*s.* per share. Some societies have also shares of 20*s.*, 25*s.*, 30*s.*, or 60*s.*; eight societies have adopted a maximum of 5*l.*, and one of 6*l.* per share.

The highest amount of loans granted at a time varies as follows:—

Three societies advance a maximum of 15*l.*, one does not exceed 17*l.* 10*s.*, five restrict themselves to 25*l.*, 16 others to 50*l.*, one has a maximum of 75*l.*, six advance up to 100*l.*, five up to 150*l.*, and two advance as much as 250*l.*

Sixty-five societies have published the number of their members, amounting to an aggregate of 5,947 on the 31st of December, 1884, being an average of 90 members.

Forty-nine societies acquired a net profit, which amounted in all to 1,377*l.* One has to acknowledge a loss of 12*l.* 8*s.* on the transactions of the year.

The following are a few examples of division of profits on agriculture:—

Co-operation at Tellow.

Herr von
Thünen's
experiment.

Herr von Thünen, in 1847, arranged a system of co-operation on his estate, by which workpeople occupying cottages thereon were all made to share in the profits of his farm. An inventory and valuation of all property on the estate was made yearly on the 30th of June, when, if the profits exceeded 165,000 marks (since raised to 180,000 marks), each labourer was to receive $\frac{1}{2}$ per cent. on the surplus above that amount. The number of persons benefitting by this arrangement, and which included the schoolmaster and bailiff, was 21. If the limit of profit was not attained, the deficit was to be made good out of the next year's surplus.

Their share of the profits was not paid to the labourers in money, but credited to them in a savings account, on which the landlord paid $4\frac{1}{2}$ per cent. The accumulated savings could only be withdrawn when the possessor attained 60 years of age.

The following table shows the sum annually allotted to each participant for himself and family:—

	Marks (approximately).						
1847-8	32
1852-3	34
1857-8	86
1862-3	152
1867-8	85
1872-3	81
1877-8	19.5
1881-2	78

Under date of May 25, 1886, Herr von Thünen writes:—"The objects for which my grandfather strove have been completely attained. The interests of the villagers and of the landlord are now identical. I ascribe it to the co-operative system here in force; that the people take an extraordinary interest in the farm, and when by chance exceptional work and effort is required of them, as for instance in harvest time, they do it willingly and readily. The self-dependence of the people is, moreover, advanced, and at times large emigration from Mecklenburg is unfelt here. The old labouring families still live on the estate, and it is almost invariably the case that the son or son-in-law takes the place of his father when the latter is past work. The parents remain in the house, and possessing a competence of their own, are no burden to their children; they are besides able to lend a hand from time to time, according to their capacity. Exceptions naturally occur, as when through bad management at home, or repeated failures with their cattle, the labourers get into debt.

The total capital belonging to the workpeople at present in my possession is 25,901 marks 30 pf.; the largest sum to the credit of one man is 2,282 marks 15 pf.

"I calculate that the former sum will now remain tolerably constant, as gradually one or other of the workpeople attains the age of 60 years, and withdraws his capital."

Co-operation in Brandenburg.

In consequence of the lack of labourers during the years 1871-73, Herr Jahnke's the time seemed appropriate to Herr Jahnke, the possessor of a small property near Berlin, for the establishment of a system of co-operation with five of the labourers on his estate. Herr Jahnke, in the first place, provided each of his labourers with a good cottage and garden, rent free, and certain allowances for turf, &c. All taxes and rates, as well as insurance, were paid by him, and for this purpose there was a first charge of 900 marks annually on the profits of the estate. Each labourer undertook to deposit 30 marks as caution money, and to invest at least 30 marks out of the annual profits, on both of which 5 per cent. interest was paid; they further undertook with their families to do the whole work of the estate. The labourers might elect a representative to examine the books.

A contract to this effect was signed in 1872 for five years.

The labourers received 52½ marks per week in summer, and 45 marks per week in winter as wages, the proprietor crediting himself with a similar sum. No labourer could transfer his rights to a third person. The books were made up on the 30th of April in each year, when the labourers received half the net profits, Herr Jahnke receiving the rest.

The results of the first three years were as follows:—

							Net profits.	
							Marks.	pf.
1872-3 ..	..	..	..	..	..	..	10,559	50
1873-4 ..	..	..	..	..	..	..	9,768	45
1874-5 ..	..	..	..	..	..	..	10,986	56

The total gains of each labourer (including allowance for house, rent, &c.) may be reckoned at 1,179 marks per annum, or nearly double the ordinary wages.

In a letter dated April 6, 1877, Herr Jahnke declared his experiment to have been completely successful.

Herr Berthold Wobling, commenting on this system in the "*Land-wirtschaftliches Jahrbuch*," and the success of this particular undertaking, remarks that the number of associated labourers should not exceed 10 families. In properties, he adds, which are being converted from corn to grazing, or in those in which great improvements are being carried out, the system of participation does not work.

Participation of Rural Labourers in Farm Profits at Posegnik, East Prussia.

The arrangements made by Herr Neumann, the owner of the estate for the benefit of his labourers, were as follows:—

1. A savings' bank which participated in the profits of the farm.
2. The granting of portions of land for the foundation of a workmen's colony.
3. A library which in 1874 contained 400 volumes, and was much used by the workmen.
4. An infant school.

The savings' bank was started in 1854 on Neumann's rented estate

Participation
of profits at
Posegnik.

at Assaun, and in 1858 at Posegnik. It was available for labourers who had lived three years on the estate and behaved to the satisfaction of their employer. Deposits were made half-yearly and received an interest of $4\frac{1}{2}$ per cent. For every voluntarily deposited sum of 3 marks remaining at least a year in the bank, Herr Neumann added another mark from his own purse, and money-saving families with more than four children under fourteen years of age received 1 mark yearly for every such child. These savings were intended to be a support in case of accident or in old age, but the money saved could be withdrawn at any time. Herr Neumann also reserved the right of making advances as he thought fit. Of tantièmes (*vide infra*) granted to the gardeners and others, at least one-third had to be paid into the savings' bank and remained at compound interest; at the age of 55 the owner could dispose of the interest at pleasure, and at the age of 60 he could further dispose yearly of one-tenth of the principal.

From the first Herr Neumann granted to his workmen a share of his profits. During the first three years he distributed 10 per cent. of the average profits of his crops as a tantième to his work-people over and above the wages customary in the district. As, however, the profits of cattle-keeping increased he changed his plan and granted his workmen 5 per cent. on the total profits after deduction of rent. This tantième varied between 20 marks and 40 marks per man till the year 1866, when it was raised to 8 per cent.

In 1876 there was in the savings' bank a sum of 10,185 marks standing in the names of 57 persons, being an average for each of nearly 180 marks. The highest sum belonging to an individual was 1,014 marks.

If a workman were to begin at the age of 25 and let his tantième accumulate, he would at the age of 50 have a sum of 1,125 marks exclusive of interest, and 1,575 marks at the age of 60.

The plan for a workman's colony was as follows:—A labourer, who had been 15 years on the estate and had deposited at least 150 marks in the savings' bank, was allowed to acquire a small holding of three acres with the necessary buildings. The rent was 15 marks a year, and 150 marks, which received interest at 4 per cent., were required as caution money. After six years' tenancy he could purchase the holding for 375 marks, 150 marks of which was covered by the caution money; 75 marks were further required to be paid at once, and the remainder during the following 10 years in instalments of 15 marks a year. Herr Neumann reserved the right of repurchase should the tenant die, run into debt beyond the sum of 360 marks, and under similar circumstances.

In 1866 four workmen availed themselves of this arrangement, and as the three acres did not suffice for their maintenance and that of their families, they worked further as day labourers at Posegnik.

This plan for a workman's colony was however a failure, and after two years two of the workmen withdrew from the experiment. Baron von der Goltz explains this by saying that the bad years 1867-68, the great distance of the workmen's dwellings from the farm buildings ($1\frac{1}{2}$ to $1\frac{3}{4}$ English miles), the unaccustomed trouble of providing so many things for themselves, and the excessive habit of dependence which characterises the working classes of the district, all combined to make the men give up their hired dwellings and return to the position of dependents, where they had so many fewer cares.

As to the rise, development, and success of the system of participation in profits, Herr Neumann says that his object in trying it was to raise the workmen morally and intellectually. Baron von der Goltz shows its success in an increased love of cleanliness and order, increased diligence and interest in the estate, and in increased frugality. As a further benefit, Herr Neumann calls attention to the *tantièmes* as a means of compelling the recipients of them to make regular savings deposits. He acknowledges, however, that any one who desires, or is compelled to reckon on speedy results, would do well to abstain from introducing *tantièmes*, at least in the form adopted by him. To the best of his conviction every farming business would admit of the introduction of the participation system, and in his opinion its universal adoption, though slow, is only a matter of time.

Such were Herr Neumann's opinions in 1874. In a letter dated April, 1877, his opinions as to the working of the system remained unaltered. He confesses, however, that it would be desirable to raise the percentage of *tantièmes*, and believes that it would be, in particular, to the advantage of the employer to raise those of such workmen as have the superintendence of the others.

Division of Profits between Landlord and Farmer at Altenhof, Bittburg, near Treves.

The farmer of Altendorf has (1878) six labourers to whom he pays wages. The owner of the property and plant is Herr E. Servais, of Luxemburg, who also provides the capital. The gross produce is divided between landlord and farmer in equal shares, both being equally liable for losses. The system has existed for over 30 years, and has been successful. Co-operation at Altenhof.

It is said that under this system the landlord obtains a higher rent, and reserves control over the management of his estate, while the farmer also profits pecuniarily.

The farm consists of 300 acres of arable and 100 acres of meadow land. The produce of the former is divided in kind; that of the latter feeds the live stock of the estate.

Other Phases of Co-operative Enterprise.

Among other branches of industry to which co-operation is applied in Germany, or, more correctly speaking, among other developments which the system has attained, may be mentioned associations for the purchase of raw material in various trades and the sale of finished goods. Question VII.

The main principles of the organisation of such societies is given by Schuize as follows:—

1. The capital necessary for the purchase of raw material is borrowed on the joint security of all the members, or on their credit the goods are bought.

2. The goods are sold to the members from the common stock at 4 per cent. to 8 per cent. above the purchase price. Out of the surplus thus acquired are defrayed all the business expenses, *e.g.*, the interest due to creditors and the expenses of management, after which there generally remains a not inconsiderable net profit, which is divided among the members in the proportion to the sum paid by them into the common fund for goods bought during the year.

3. A reserve fund, consisting of business shares of the members, is formed by retaining the profit share of each, and generally by monthly payments on their part over and above.

4. The officials of the association are paid by a percentage of the proceeds, the cost of which in the case of raw material societies pure and simple generally amounts to 2 per cent. or 3 per cent. (The storekeeper generally himself provides the store or shop where the goods are sold.) All the expenses of management together cost about $3\frac{1}{2}$ per cent. to 4 per cent., so that (the total surplus being given, as above, as from 4 per cent. to 8 per cent.) 2 per cent. to 3 per cent. remains. Now, as the trading capital is turned over from two to four times a year, whereby the surplus is raised to from 8 per cent. to 10 per cent., a good dividend surplus remains even after deducting 4 per cent. or 5 per cent. for interest to the creditors of the association.

An instance of a successful society of the kind mentioned by Schulze is the "Tailors' Raw Material Association," in Magdeburg. It had, in 1874, 47 members: its sales amounted to 142,692 marks, and its net profits to 6,345 marks.

In 1884 there were 149 such associations known to the Central Union, under the following heads:

Shoemakers' associations	..	..	..	85
Tailors'	"	..	..	20
Carpenters'	"	..	..	9
Smiths'	"	..	..	6
Various	..	..	..	19

The failure of one society is mentioned in the German Co-operative Union's Report for 1884 in consequence of the dishonesty of its president. Other failures are mentioned, but no cause is assigned.

The purpose of shop associations is to establish a common shop for the sale of goods made by the members not to order but for stock. These societies often combine a raw material business with their selling business, or develop into productive associations by accepting orders for goods not in stock, and not only entrusting their execution to members, but also undertaking the same for common account and at common risk. Members of kindred trades, such as carpenters and decorators, not unfrequently combine to sell their goods in what are called "Gewerbehallen," or "Industriellehallen."

The number of such societies mentioned in the report for 1884 is 59, under the following heads:

Cabinet and piano makers' associations	..	..	..	28
"Gewerbehallen"	..	..	..	10
Tailors' associations	..	..	..	8
Upholsterers' associations	..	..	..	3
Various	..	..	..	10

These associations frequently lend money at moderate interest on goods standing in the common shop, the money being repaid when goods to the requisite amount produced by the debtor have been sold.

Appendix No. 3 gives details of one such society.

The granting of excessive credit has proved fatal to many societies.

Fisheries.

The German fishing industry is still in a very undeveloped state, owing chiefly to the almost complete lack of a hardy fishing population capable and daring enough to brave the dangers of the deep-sea fisheries. The only fishing class worthy of the name are to be found in the neighbourhood of Hamburg and Bremen.

The first co-operative sea-fishery society was founded at Bremen in 1866, and was followed by another at Hamburg. Both facilities for

sale and the price of fish were favourable to the undertaking, the chief difficulty being to find the necessary hands.

In Bremen it was first arranged that the fishermen should receive one-half of the takings, the remainder going to the capitalists. This system was, however, found not to work, and the society was compelled to give fixed wages of 198 marks, which the men divided among themselves, they being further entitled to one-quarter of the take.

The third yearly report of the first German North Sea Fishery Society, dated March, 1870, declares that the system of making the fishermen participators in the profits of their labour had been completely successful, the average daily take having increased 50 per cent. since the introduction of the system.

In Hamburg the captain of each craft receives 50 marks, the two sailors 30 marks monthly as fixed wages; the captain further received 6 per cent., the first sailor 5 per cent., and the second 4 per cent. of the take; 2 per cent. of the total take was, however, first divided among the eight best fishermen, the best fishermen of all receiving a premium besides.

In Flensburg, in Schleswig-Holstein, four fishermen usually share a boat and tackle. If they all subscribe equally the profit is equally shared. If the boat and tackle belong to only two of the number, the remaining two being simply hired, the take is divided into seven parts—three going to the former, and the remaining four being equally divided among them all—so that the possessors of the boat receive five shares between them, while the hired fishermen only receive the remaining two shares. This system of dividing the results of the fishing into seven parts has however to be discontinued in consequence of a strike (1878).

Oberfischmeister von Dallmer, writing from Schleswig in 1878, mentions the Joint-stock Fishing Company of Båsum, on the North Sea. On fresh fish the captain received one-fifth of the produce, and the man and boy one-sixth and one-tenth respectively, the company taking the rest. On salted fish the crew and the company shared equally.

At Cappel, on the Baltic, there is a society for co-operative fishing consisting of 106 members with 122 shares. The pay of the foreman of the society is 6 per cent. of the gross profits; the skipper receives 3 marks 30 pf., the rest of the crew 3 marks per night.

The following example of division of profits seems to come under none of the foregoing heads:—

Participation of Profits in the "Boden Credit" Joint-stock Bank at Berlin.

The Prussian Boden Credit Bank, which in 1877 employed over 60 **Boden Credit** persons, has established a savings' bank, whose chief income consists **Bank.** of a certain share of the annual profits made over to it by the company. The entire sum so paid over to the savings' bank is looked upon as a working capital, and receives the same dividend every year as is paid to the shareholders, but its dividend must not exceed 10 per cent. If no dividend is declared the savings' bank receives nothing.

The "Boden Credit" Bank opens an account with each of its servants after six months' faithful service, placing for the past year to the credit of each the interest of his salary, calculated at the same rate as that of the dividends paid to the shareholders. A servant of the company can, after five years' blameless and uninterrupted service,

draw one-quarter of the balance to his credit, after 10 years half, after 15 years three-quarters, and after 20 years' service the whole. In case of death or incapacitation from work, the sum standing to a member's credit goes to his widow or children, or may be withdrawn by himself. In case of an employé leaving the company, the sum to his credit, or so much thereof as he is not already entitled to withdraw, reverts to the savings' bank, and forms its "extraordinary income."

In 1877, 61 employés of the company had shares in the savings' bank. The latter received as ordinary income:

					Marks.
In 1875 an 8 per cent. dividend, or	..	..	..	..	12,332
1876 " " "	..	..	..	..	10,994

And as extraordinary income:

						Marks.
In 1875	..	..	..	..	..	16,327
1876	..	..	..	..	..	3,180

The members acquired the right of disposition:

						Marks.
In January 1, 1875, over	..	..	..	..	..	2,279
" 1876 "	..	..	..	..	..	2,380
" 1877 "	..	..	..	..	..	6,551

Further sums granted by the savings' bank for the support of employés and other special objects were:

						Marks.
In 1875	..	..	..	..	..	2,176
1876	..	..	..	..	..	1,295
1877	..	..	..	..	..	2,625

British Embassy, Berlin, June 24, 1886.

LIST OF STATISTICAL TABLES.*

Reference to Questions.	A. Balance sheets of 163 co-operative store associations.
Question 1.	B. Number and distribution of members in 154 co-operative stores
	C. Balance sheets of 10 productive associations.
	D. Balance sheet of 879 People's banks.
Question 2.	E. Number and distribution of members in 802 People's banks.
Question 3.	F. Balance sheet of one building association.
	G. Balance sheet of one agricultural association.
Question 5.	H. Balance sheet of four dairy associations.
Question 6.	I. Share of farmers in 559 People's banks.

* The above tables being too voluminous to print, have been forwarded to the Library of the House of Commons.

Appendix No. 1.—ABSTRACT of the Statutes of the Hulfreich
Loan Society.

The society, which has its seat at Hulfreich, has for its object to promote the moral and material welfare of its members, to create means necessary to that end, particularly the pecuniary means for granting loans to its members on mutual security, and also to supply an opportunity for the safe and profitable investment of savings. To facilitate the latter object small sums are also accepted, the minimum for which is left to the decision of the general assembly of the society.

As members are admissible only those inhabitants of the parish of Hulfreich who are in possession of all the honourable rights of a citizen and who are not members of any other loan society.

The reception or rejection of applicants for membership depends on the decision of the Board of Directors, against which appeal may be made to the committee of management, which gives a final decision at its next meeting.

Membership ends on the day:—(a) of the written declaration of resignation; (b) of the written notice of arrears of payment; (c) of death; (d) of the coming into force of a decree of expulsion.

Resignations and notices of arrears must be addressed in writing to the president of the society, who must give a receipt for them.

Expulsion may be resorted to when members do not fulfil their engagements according to the statutes, in particular when they are more than six months in arrear with the past payments agreed upon for purchase of shares. The Board of Directors may also expel members who enter into dealings with persons known to be exorbitant usurers.

Expulsion must take place in case of loss of sound mind or rights of citizenship, when a member has joined another loan society and refuses to lay down his membership in the same, in case of bankruptcy or of proceedings hostile to the principles and interests of the society, and lastly, when a member has to be repeatedly sued at law for payment of loans.

When a married member dies, his membership passes over to his widow if she make application for it and sign the statutes.

The members have the right:—(a) to take part in and to vote at the sittings of the general assembly. The voting to take place in person, not by proxy. Female members are excluded from participation in the meetings, and of course have no vote; (b) to claim loans from the society in accordance with its statutes, and as far as its means permit; also to place their superfluous moneys at interest in the society's keeping.

The members engage:—(a) to be answerable for all engagements of the society towards members in equal shares, and towards non-members singly and jointly to the extent of their entire property; (b) to pay the fixed sum for a share in the society; (c) to observe the statutes of the society, and to guard its interests in every way.

The society administers its affairs through the Board of Directors, the committee of management, the general assembly, and the accountant.

The Board of Directors consists of the president of the society, the vice-president, and three other members; i.e., of five members, who are to be so selected as to give to the board in its collective capacity the best possible knowledge of the affairs of the inhabitants of the parish.

The directors are chosen for a period of four years. At the end of

the first two years, two directors chosen by lot retire; at the end of the second two years the other three retire; and afterwards every second year two or three retire in rotation, after having served four years. The places vacated are filled by new elections.

**Filling up of
vacancies in
the board of
directors.**

In case of resignations or prolonged incapacity to serve, the committee of management must appoint substitutes to serve till the next general assembly, when the supplementary elections take place. The duration of office for a director so appointed is that of the director whose place he supplies.

**Sittings and
decisions of
the board of
directors.**

For the decision of applications for loans the Board of Directors must meet in regular sittings at least once a month, and oftener if requisite, for the proper discharge of business. The decisions of the Board of Directors are binding when supported by the votes of more than half the members of the board, including that of the president or vice-president when acting as substitutes, and when they are entered in the minute-books of the board and properly signed. In case of equal numbers of votes the president has the casting vote.

**Special duties
of the board of
directors.**

The special duties of the board are:—(a) to observe and carry out all the requirements of the statutes, all the decrees of the general assembly and committee of management, and the regulations drawn up for them by the latter; (b) to keep within the bounds fixed by the general assembly in contracting loans for the society, and to draw up the necessary documents, bonds, &c.; (c) to decide in accordance with the statutes on the reception or expulsion of members, on all receipts and payments, on the granting of loans to members within the limits fixed by the general assembly, and to insist on the punctual repayment of the loans granted; (d) to obtain the previous consent of the committee of management to all contracts to be made on behalf of the society, and to all lawsuits, except those against members for recovery of loans; (e) to superintend the cash and bookkeeping, examine the balance of cash, and see to the safe investment of incoming moneys; (f) to examine the annual balance each year before the 20th of April; (g) to decide on applications for reimbursement of members' expenses; (h) to avoid all business transactions which might bring the society into danger.

In deciding as to the granting of loans to members the accountant may be admitted as a consulting member.

**Duties of the
president of
the society.**

The president of the society must conduct and watch over the business of the society according to the regulations. In particular he must:—(a) sign the correspondence of the society, and preserve the society's seal; (b) see that every change, or partial change in the personnel of the Board of Directors, and every change in the statutes be duly reported to the proper authorities, as by law required; (c) watch over the cash and book-keeping, and, in conjunction with the accountant, draw up the balance; (d) send out notices of the meetings of the Board of Directors and of the general assembly; (e) preside at the meetings of the Board of Directors and general assembly, and appoint the recording clerk; (f) make a general report of the state of the society at the ordinary spring meeting of the general assembly.

**Committee of
management.**

The committee of management consists of nine members, who, as in the case of the members of the Board of Directors, are to be so chosen as to give them in their collective capacity the best possible acquaintance with the affairs of the inhabitants of the parish.

The number of members may be increased at pleasure by the general assembly, but only so that the total number is divisible by three.

The members are chosen for three years: each year, the first two times by lot, one-third of the committee retires. Vacancies occurring by death or otherwise must be filled up by the committee electing from among the other members of the society the necessary substitutes to serve till the next general assembly, when the supplementary elections must take place.

The committee must endeavour to guard the interests of the society in every way, to see that the directors keep within the statutes, and that its own as well as the general assembly's decrees are punctually carried into effect. The committee has the right to see and examine at any time the papers of the society, the book-keeping, and the cash on hand. If it be found that a director, or the whole Board of Directors, or the accountant, have failed to observe the requirements of the law, of the society's statutes or instructions, or in any other way to have endangered the society, the committee has the right to take whatever steps may appear necessary to protect the society, and may remove any member of the Board of Directors, or the whole board, or the accountant, but must then, and indeed always, when the interests of the society appear to be endangered, call a general assembly and bring the matter to discussion. Notice of such meetings, if called to complain of directors, must be given by the chairman of the committee, who also presides over them instead of the president of the society.

The special duties of the committee are:—(a) to draw up the instructions for the Board of Directors and for the accountant, and to fill up vacancies occurring in the Board of Directors; (b) to have the annual balance-sheet ready by the 1st of May; (c) to determine the dividends payable on the shares; (d) to decide as to the granting of leave for commencing lawsuits, unless where necessary to enforce payment of loans made to members, and to represent the society in any lawsuits against directors; (e) to decide as to the granting of loans which exceed the maximum fixed as able to be granted by the Board of Directors, or which are demanded for a period exceeding 10 years; (f) to decide the appeals of rejected applicants for membership, expelled members, or refused demanders of loans; (g) to meet at regular intervals, at least four times a year, and in at least one extraordinary meeting a year for revision of cash accounts.

The days for the ordinary committee meetings are fixed by the general assembly. The committee is capable of making valid decisions when more than the half of its members, including the chairman or his substitute, are present. The chairman has a casting vote.

The general assembly consists of the male members of the society.

The ordinary sittings take place at least twice a year, in spring and in autumn. A special meeting must be called whenever it is demanded by the Board of Directors, the committee of management, or at least one-tenth of the members of the society who possess a vote; in the latter case the demand must be addressed to the president in writing, and must state the object of the required meeting.

Written notice is given by the president, stating the subjects to be discussed. Notices of ordinary meetings must be given at the time fixed by the general assembly; notices of special meetings within five days from the demand for a meeting. The time between the giving of notice and the holding of the meeting must not be less than three nor more than 10 days. Meetings regarding alterations of statutes and the dissolution of the society are expected. In the former case this time must not be under eight nor over 14 days; in the latter case, not under four and not over six weeks.

If those whose duty it is fail to give notice of a meeting, any

member of the Board of Directors or of the committee of management is entitled to give notice in their stead, or notice may be given by any other person who is a member of the society, if empowered so to do by at least one-tenth of the members.

Who presides over the meetings of the general assembly.

The general assembly is presided over by the president of the society or by the vice-president in his absence; in the absence of both, by the chairman of the committee of management; in the absence of all three, by the vice-chairman of the committee. The assembly has, however, the right at any moment to elect any member possessing a vote to preside over the meeting.

Validity of decrees of general assembly.

Except in the cases hereafter mentioned, the decisions of the general assembly are valid without regard to the number of members present, provided that due notice has been given as provided for in the statutes. The decrees are binding for all the members of the society, if made by an absolute majority of those present at the meeting, except in the cases hereafter mentioned. The president of the meeting has a casting vote.

Elections.

The general assembly elects at its ordinary spring meetings from among the male members, in separate votings, (a) the president, (b) the vice-president and other members of the Board of Directors, (c) the accountant, (d) the chairman, vice-chairman, and other members of the committee of management, by majority of votes. If an absolute majority is not obtained in the first voting, the double number of those still to be elected, being those who received most votes at the first time, is put up for a second and last voting. In case of equal numbers of votes the lot decides, and is drawn by the hand of the president. Retiring officers are eligible for re-election. Supplementary elections may be made also at any other sitting.

Items to be fixed by the general assembly.

The general assembly fixes the maximum of the entire business capital (loans contracted), the minimum for deposits, the maximum of savings to be received from one member, the interest to be charged to members who accept loans, the maximum sum to be lent to one member, the annual part payments to be made by members on loans granted for several years, the salary of the accountant, the conventional fine to be paid by members who absent themselves without excuse from the meetings of the general assembly.

Manner of voting.

The voting takes place by standing up or remaining seated, or by show of hands, unless when the assembly in particular cases expressly demands secret voting or a calling over of names.

The results of elections are decided by two tellers, to be appointed by the president.

The accountant.

The cash-keeping and book-keeping of the society are entrusted to an accountant appointed for four years, and removable at three months' notice.

Special duties of the accountant

(a) To carry out punctually the decisions of the Board of Directors which regard cash and book-keeping; to preserve safely the society's cash, papers, and documents; to give receipts for moneys received.

(b) After the close of a business year (which corresponds with the calendar year) to balance the books and present to the president, by the 10th of April at the latest, in two copies, the annual statement of accounts and balance sheet, together with the necessary vouchers.

Security to be given by the accountant.

The accountant must not be a member of the Board of Directors, or of the committee of management, but he may be admitted to the meetings of the Board of Directors in consultations regarding the granting of loans. He is answerable to the society for the moneys under his charge, and also for the punctual conduct of business, and must therefore either find a person to give good security, or deposit a

sum to be fixed by the general assembly. The person or sum serving as security is chargeable for all expenses in finding out, fixing the amount of, and recovering any deficit that may occur.

The members of the Board of Directors and of the committee are **Payment** unpaid honorary officers, and can only claim indemnity for their dis- of officers. bursements.

The accountant receives a fixed salary, proportioned to the work required of him, its amount to be settled by the general assembly. It must be a fixed annual sum, not a share in the profits or a percentage on the receipts.

Every member of the society is obliged to take one share of **Shares in the** 10 marks, yet no member is allowed to hold more than one share. The society. The payment may be made by instalments, which must amount to at least 1 mark a month, or the whole 10 marks may be paid at once.

The shares are the property of the members, who, in case of a liquidation of the society, will be considered as its creditors, but their claims come after those of all other creditors.

During membership the shares cannot be withdrawn nor conferred on any other person, nor sequestrated by the creditors of those who possess them. They serve in case of liquidation as a first means of fulfilling the engagements of the members should the society's own property prove insufficient to do so.

Members who retire or are expelled have a claim for the return of the money paid for their share. If they owe nothing to the society, the repayment takes place at latest six months after the expiration of their membership.

The amount of the dividends is fixed each year by the committee **Dividenda.** of management in proportion to the sums paid in for shares, yet, when the full price of a share is not yet paid up, they are not paid to the member in cash, but credited to his account as a further part payment towards complete purchase of his share.

The dividends must not exceed the percentage of the interest which members pay (exclusive of commission) for their loans. Beyond the dividends members have no claim for interest on the shares for which they have paid. Dividends on fully paid up shares which are not drawn within four years become the property of the society, and are added to the reserved capital.

Loans may be granted, but only within the limits fixed by the **Loans.** general assembly, by the Board of Directors as follows:—

(a) For periods within a year. On the application of the debtor a prolongation may be granted, yet at most to the extent of two years from the first granting.

(b) For longer periods, up to 10 years. All loans for a series of years to be repaid in regular yearly part payments.

(c) On current account.

Before granting a loan it must be considered how far the intending borrower is financially and morally worthy of credit; the intended application of the money must be ascertained as far as possible, and the after use made of it must be controlled.

In all cases a sufficient security must be given for loans granted; **Security for** this may consist of a person who stands surety, of a mortgage, or of loans. the deposit of Government bonds or other safe papers.

In case of personal security or mortgage, the security must be at least double the value of the sum in question. Bonds and other papers must have a present worth exceeding the sum in question by at least one-third.

Capital of the society.

The profits of the society, after deduction of the dividends, are reserved as a capital to cover accidents and losses. Should this capital reach such a height that the society can work with its own means, the general assembly may dispose of its interest and further increase by profits for charitable purposes.

The capital of the society remains the property of the society. The members personally have no share in it, and cannot demand its division among them. In case of a voluntary dissolution of the society, it shall be deposited in the Reichs-Bank (Bank of Prussia) for safe keeping at compound interest, until a new loan society shall be formed at the Hülfreich upon the present statutes, and then given up by the Reichs-Bank, with the accumulated interest, to the new society.

P.S.—It was agreed in the first meetings of the society that—

Deposits up to 100 marks might be returned at half-month's notice;

Deposits from 101 to 149 marks at one month's notice;

Deposits under 30 marks without previous notice.

The minimum for a deposit was fixed at 2 marks,

The conventional fine for non-attendance at meetings, 25 pf.

The Board of Directors were empowered to borrow capital to the extent of 15,000 marks.

The interest on loans was fixed at 5 per cent., beyond which a commission was fixed of 1 per cent. per annum on loans for one year or less; up to five years, $\frac{1}{2}$ per cent. per annum more (for five years, therefore, 3 per cent.); above five years, for each additional year, $\frac{1}{2}$ per cent. more (for 10 years 5 per cent.).

Holders of current accounts pay 5 per cent. on sums owed, and receive 4 per cent. on their credit. They pay $\frac{1}{2}$ per cent. commission on the debit side of their account at the end of the year if it exceeds the credit, and receive $\frac{1}{2}$ per cent. on the credit side if it exceeds the debits.

The highest amount to be lent to one member in one or more loans was fixed at 1,500 marks. Higher sums, or those for more than 10 years, to be at the option of the general assembly.

It was further enacted that the directors and the committee and the accountant should observe strict silence with regard to the moneys confided to or borrowed from the society. For non-observance of this rule a fine of 30 marks for each case was fixed, and the general assembly were empowered to dismiss the offender from his office.

Appendix No. 2.—ABSTRACT of the Statutes of the Berlin "Baugenossenschaft" (Building Society).

Objects of the society.

This society has been founded with the purpose of supplying its members with cheap and healthy dwellings in Berlin and its environs, particularly those employed in factories at or near Köpenick.

The society has its seat in Berlin.

Membership.

Membership is acquired by signing the statutes or giving a written declaration of accession, after having been formally received by the Board of Directors.

All persons capable of forming a contract are admissible as members.

Rejected applicants have no other appeal than to the general assembly.

Rights of members.

The members have the right:—(1) To vote on the measures and at the elections of the general assembly; (2) to share in the profits of the society according to the regulations hereafter mentioned; (3) to the consideration of their claims, in accordance with the rules, in all sales and lettings of houses and land.

Every member has the duty:—(1) to fulfil the requirements of the Duties of following paragraph (shares and entrance money); (2) to observe members the statutes and decrees of the society; (3) to be answerable with his whole property for the fulfilment of all the engagements of the society, including those which were entered into before he joined it, in case the funds of the society should not suffice to fulfil them.

Each member is obliged to acquire at least one share of 200 marks Shares and in the society, which share may either be paid down on entering the entrance society, or gradually acquired by weekly payments of 40 pf. The money. weekly payments may be anticipated. The Board of Directors and the committee of control may permit the weekly payments to fall into arrears to the extent of three months, but a longer delay requires the consent of the general assembly.

No member is to possess more than 10 shares.

Until the full price of one share is paid up, the dividends of the profits falling upon it will be kept back and placed along with the part payments to the credit of the shareholder at each annual settlement of accounts. After the full price of one share has been paid, the member is free to draw his dividends or to employ them for the acquisition of a new share.

With consent of the Board of Directors, a member can make over a second and every following share to another member.

Each member pays an entrance fee of 2 marks.

To what extent the money of the society is to be employed in the Building of building or acquiring of houses and land, and at what prices such houses. building and acquisitions are to be made, is decided by the general assembly.

The moneys which are not required for the above purposes and for the expenses of management are securely placed out at interest in public savings banks, or in the same way as pupillary moneys are placed.

The building plans and the conditions for the purchase and letting of houses are fixed by the Board of Directors and committee of control.

Only those members are entitled to acquire a house who, at the Right to time when it is disposed of, have paid up at least 20 marks towards acquire a one share, who have been members at least six months, and who have house. engaged to fulfil the conditions of acquirement.

The houses, so far as applicants present themselves, are offered to become the property of members.

Full possession of a house can only be acquired when one-third of the purchase money has been paid; in such cases the member is placed on the register of landed property, as owner against a first mortgage on the rest of the house.

In all other cases the house remains the property of the society.

The conditions of acquirement are so arranged by the Board of Directors and the committee of control that the member engages to Conditions of acquirement. pay regular instalments along with the house rent, and is allowed both at the acquirement and afterwards to pay in extra-instalments of larger amounts.

No member may possess more than one house.

Until the full acquirement of the house, there must be paid in House rent. addition to the instalments a rent equalling the interest of the purchase money. If the house contains several dwellings, the acquirer of it is answerable for the rents of the whole house.

When a house contains more than one dwelling, the owner can let Under. the part not occupied by himself under the conditions laid down by the lettings. Board of Directors and committee of control. The collecting of the rent is the affair of the owner, not of the society.

Disposing of houses.

The houses are disposed of at least 14 days before the quarter-day. Timely notice is previously given to the members as to what houses are to be disposed of, at what prices, and on what conditions of acquirement.

Before the term fixed for the disposal, members wishing to acquire a house must signify their desire to the Board of Directors, and show their ability to fulfil the conditions and pay the price.

Among the applicants recognised as capable of acquiring a house lots are cast to decide to whom it shall be disposed of. He on whom the lot falls is obliged to take the house, but he can with consent of the Board of Directors make over the right of acquisition to another member, provided the latter is ready and able to fulfil the conditions and pay the price agreed upon.

Profits.

From the net profits at least 10 per cent. is deducted and added to the reserved fund. The profit which remains, unless employed for other purposes by the general assembly, is at the year's end distributed as a dividend among the members, who share in it in proportion to the amounts paid in by each, for shares including any former dividends placed to their credit for the purchase of shares.

In calculating dividends only those shares are taken into account which have not been acquired during the year whose profits are being distributed.

Management.

The society is managed by participation of all its members through:—
1. the Board of Directors; 2. the committee of control; 3. the general assembly.

Election of directors.

The directors of the society are at least three, and at most five in number. They are elected for a period of not more than three years by the general assembly after being proposed by the committee of control. The president, vice-president, and treasurer are first separately voted for, and the other directors, if such are to be appointed, together in one voting.

If the persons proposed do not obtain an absolute majority, the committee of control must make new proposals in the same or at a subsequent meeting.

The period of election is so arranged that president and treasurer do not retire at the same time.

The retiring directors are admissible for immediate re-election.

Whether and what remuneration is to be paid to directors is decided by the general assembly.

A contract is to be made by the committee of control with the president, vice-president, and treasurer exactly defining their duties and rights in conformity with the law, and with the statutes of the society.

The society's signature.

To be valid in law, the signature of the president or vice-president and one other director is necessary.

Responsibility of directors.

The directors are answerable for loss occasioned to the society, whether intentionally or by gross carelessness, to the full extent of their whole property singly and jointly.

Conduct of business by the directors.

The directors have to care for the proper conducting of business, especially for complete and clear book-keeping, drawing up of the annual balance, safe-keeping of cash, documents, and other property of the society, to watch over the building works, and to see that the houses are kept in good repair by their inhabitants.

The directors despatch the business devolving upon them by majority of votes under direction of their president in sittings, which either take place at regular intervals, or are specially called by the president, who in the latter case must in calling the meeting also state the subject to be therein discussed.

For the conduct of business by the directors regulations are drawn up, which are proposed by the Board of Directors and the committee of control, and must be adopted by the general assembly and signed by all the directors.

Such servants as may be required are nominated by the Board of Appointment Directors, and must be accepted by the committee of control. The of the society's directors must watch over them in the performance of their duties. servants.

The treasurer keeps the cash of the society, and invests, in accordance with the decisions of the Board of Directors, the incoming moneys, of the Special duties keeps exact accounts of income and expenditure, preserves receipts, and of the treasurer. draws up the annual balance-sheet.

The treasurer may only pay out the moneys of the society against written orders signed by the president of the board and one other director.

Receipts for money received require, in addition to the signature of the treasurer, also that of the president of the board, to make them valid as regards the society.

The treasurer must give security to the society, the amount of which is fixed by agreement, to be specially made with him.

The president must continually note the way in which his colleagues perform their duties, must conduct the correspondence and legal business, Special duties of the president of the board. and must enter the decisions of the board, as made in order of time and in the proper book, and must have them signed by all the parties concerned in such decisions. He must examine at least once a quarter the cash, documents, and effects, and must at least once in six months review the company's houses, causing all defects and irregularities to be rectified at once through the Board of Directors, and giving notice of all more serious irregularities to the committee of control.

If the president is unable to perform his duties, the vice-president takes his place; if the treasurer is temporarily unable to perform his duties, a member of the Board of Directors appointed beforehand for that purpose, with consent of the committee of control, acts in his stead. Substitute for president of board or treasurer.

The committee of control consists of 12 persons elected by the general assembly from the members of the society. Directors are not eligible to serve on the committee. The election is for three years, and by absolute majority. If at the first voting an absolute majority is not obtained, double the number of persons to be elected is taken from those who have received most votes, and the voting is then repeated until an absolute majority is obtained for all who are to be elected. In case of equal numbers of votes, lots are cast to decide the election. Formation of the committee of control.

One-third of the members of the committee retire each year, and is replaced by a new election. The re-election of retiring members is permitted.

The committee chooses from among its members a chairman and secretary, vice-chairman, and vice-secretary.

The committee decides all questions by the majority of votes of the members present, but is incapable of voting unless more than half of its members are present. Conduct of business by the committee of control.

The sittings are either at stated intervals, or are called specially by the chairman, in which latter case the members must receive previous notice, stating the subject to be considered at such extra sitting.

For the regulation of the functions of the committee special regulations are drawn up by the Board of Directors, and the committee, which must be approved by the general assembly, and signed by all members of the committee of control.

Powers and duties of the committee of control.

Members of the committee can be removed at any time from their functions by decree of the general assembly. The demand for such removal may be made by the Board of Directors, or by other members of the committee, and can also proceed from other members of the society, if made in writing with statement of causes, to the committee of control, and signed by one-tenth part of the members.

The committee represents the society in the making of contracts with the directors, or in lawsuits against them, and can at any time remove directors and servants of the society, until the decision of the general assembly, taking the necessary steps for supplying temporary substitutes.

The committee can at any time call a general assembly.

The committee chooses, from among its members, two auditors to examine the annual balance sheet, and report to the general assembly, making proposals with regard to the distribution of profits.

Sittings of the committee of control.

The Board of Directors, or the third part of the members of the committee, can at any time demand a special committee meeting, by addressing a written demand to the chairman of the committee, stating the subject to be considered; the chairman must without delay call the desired meeting.

Participation of directors in the sittings of the committee

The members of the Board of Directors must, when required, attend the sittings of the committee, and give all information, as well as show all books, correspondence, and other papers which may be demanded by the committee.

Joint sittings.

Joint sittings of the committee and the Board of Directors, in which the members of the latter have votes, are held to decide—

1. On the expulsion of members.
2. On the building plans, and the conditions for acquiring houses.
3. On the granting of delays in the payment of the weekly rates.
4. On the contract to be made with the directors, and with the committee of control.

5. On the appointment of the society's servants.

The general assembly.

The highest instance for deciding all the affairs of the society is the general assembly, in which every member, without regard to the number of shares in his possession, has one vote.

Voting by proxy is not admissible.

Subject to come before the general assembly.

The general assembly decides in particular on—

1. Changes of and additions to the statutes.
2. The dissolution or liquidation of the society.
3. Election of members of the Board of Directors and committee of control, remuneration of directors, and security to be demanded from the treasurer.

4. Complaints against the directors or committee, differences between the Board of Directors and the committee, acceptance of the instructions drawn up for conduct of business by the Board of Directors and the committee of control.

5. Lawsuits against members of the board or committee; definitive removal of the same from their offices.

6. Acquisition, sale, and mortgage of landed property.

7. Adoption of annual balance of accounts.

8. Distribution of profits.

9. Differences as to the meaning of the statutes, or of the society's decrees.

10. The maximum beyond which the society shall not borrow money.

11. Expulsion of members.

The order of the day is fixed by the committee when it calls the Order of the meeting, otherwise by the Board of Directors, yet all proposals must be received into it which have proceeded from either of the above, or from one-tenth part of the members of the society, before the fixing of the order of the day.

The meetings of the general assembly are presided over by the chairman of the committee, or by the president of the Board of Directors, according as they were called by the one or the other body. The president of the meeting names the secretary who is to minute the proceedings.

The presidency may at any moment be conferred on any other member by decision of the general assembly.

The voting takes place by show of hands. The president can, when the result seems to him doubtful, appoint tellers among those present to count the hands, and is obliged to do so when 20 or more members desire it.

With regard to the expulsion of members and in elections, the votes are recorded not by show of hands, but on slips of paper.

The reserved fund serves to cover any losses which cannot be met by the receipts of the current year. It proceeds—

1. From the entrance fees of the members.
2. From a portion of the profits set aside for that purpose as already explained.

This fund remains property of the society till its dissolution; members who leave the society before its final dissolution have no share in it.

Appendix No. 3.—ABSTRACT of the Berlin Cabinet-makers' Statutes for their Corporation as a Trade Institution with Central Show-rooms.

On the 18th of March, 1858, a number of master cabinet-makers in Berlin formed a corporation for the joint exhibition of their finished saleable productions in common show-rooms, for the creation of a fund out of which to make money advances on such finished productions, for the support of impoverished members, and for the general promotion of the interests of the cabinet-making trade.

Each member pays 69 marks as an entrance fee. All the affairs of the society are under the care of a committee of 15 members, which chooses a president and vice-president, and the decisions of which are binding when as many as eight members are present. The committee appoints all the officers, makes all contracts, and sends in its report to the January general meeting.

Only first-class work is admitted into the show-rooms, and judges are appointed who have to decide as to the admission or rejection of each article offered for show, to value the same and fix what sum is to be paid as indemnity to the exhibitor in case of its being injured or lost. The exhibitor remains free to set his own selling price on his articles, which may not be sold cheaper without his permission. On sales effected 10 per cent. of the price falls to the corporation's fund; if the exhibitor withdraws his articles unsold before they have been twelve months in the show-rooms, he must first pay 10 per cent. of the price to the corporation's fund. Goods that have stood twelve months in the show-rooms may be removed without this charge.

Members can retire from the corporation at any time by sending a written declaration of resignation to the president. If a member ceases

to exercise the trade of cabinet-making, he must lay down his membership.

In the January and July of each year a general meeting is held, which is presided over by the president of the committee, and the decrees of which depend on absolute majority of votes, the voting being performed by ballot.

Business regulations.

Each person received into membership pays an entrance fee of 69 marks, which falls to the corporation's fund, and 150 marks, which is placed to his credit account. The annual business profits are shared among the members, being placed to the credit account of each; but the profits on the house are equally shared and annually placed to the credit of such members only as have belonged five years to the corporation. This is done each year as long as membership continues. No member has any claim to the repayment of his credit during his lifetime, not even when he lays down or loses his membership. The credit due to deceased members is however paid to their widows or heirs against receipt, and after deduction of any debts owing to the corporation.

Cabinet-makers wishing to become members must be able to prove their ability to place 600 marks' worth of furniture in the show-rooms, and to keep up this amount constantly. If the first delivery does not take place within one or, at the latest, three months from the day of admission, the acceptance of the new member is withdrawn.

Those who apply for membership must along with the necessary written application deposit six marks, which is forfeited to the corporation's fund if the applicant, after being received, fails to fulfil the above-mentioned conditions. The reception of a member is complete when the same are properly fulfilled, upon which he receives a certificate of membership.

Members who establish a furniture shop on their own account, or who become partners in other shops, forfeit their membership thereby.

The board of management consists of the members of the committee and the directors of the corporation.

The sittings of the board of management takes place regularly every Thursday evening at half-past seven o'clock. All members of the board are expected to attend. The meetings are not open to other members of the corporation, nor to non-members. Members of the board who absent themselves unexcused pay a fine of 50 pf., and those who appear after eight o'clock pay a fine of 25 pf., which sums go to the poor's fund.

The director and the two sub-directors of the corporation are chosen by the committee. The director is the plenipotentiary of the board (whose decision he must carry into effect) and the superintendent of the show-rooms.

Differences between the members of the corporation and the board of management are decided by five members appointed as arbitrators.

In the show-rooms every member may expose for sale the articles which he has manufactured, but cannot claim a particular place for them; they must be provided with a ticket giving the number of the articles in the books, the name of the exhibitor, and the price. They can be delivered every day except Sundays and holidays from 7 a.m. to 6 p.m. in summer, and from 8 a.m. to 4 p.m. in winter.

The valuers, twelve in number, are elected in the same manner and for the same period as the committee. They must examine the goods sent in for exhibition not only as regards their workmanship, but also as regards the suitability of the price to the real value. Refused

articles must be removed by the next valuing day at the latest; otherwise a warehouse rent of 25 pf. a day must be paid into the poor's fund.

Loans from the corporation's fund, granted to members on their goods in the show-rooms, place the entire exhibits of the borrower in pledge and not particular articles only. As a rule only one-third of the total value of a member's exhibits can be granted to him as a loan on the same. The borrower pays 5 per cent. interest on the granted loan till its repayment in cash or by deduction from the proceeds of the sale of the exhibits pledged.

All the servants of the company are under the control of the board of management and of the director in particular. For all affairs of the corporation arising out of the show-rooms the show-room inspector is answerable; he has to conduct the business, correspondence, must daily lay the business letters before the director, and must at the year's end draw up the annual statement of accounts.

Every exhibitor has the right to receive at once the full amount of money received on the sale of his exhibits.

Any member convicted of a crime which shows want of honesty (perjury, robbery, theft, defraudation) is at once disowned by the corporation.

The list of members has amounted to 96 names, but has not always been so high. At present the corporation has from 50 to 55 members, but an increase of numbers is expected. Business is in full activity, and the undertaking may be regarded as a success, for the members are well satisfied with the results. Far more business will be done when the number of members is greatly larger, and when consequently the competition is greater, and each strives to offer the best and the newest.

No. 3.

AUSTRIA-HUNGARY.

Sir A. Paget to the Earl of Rosebery.

My Lord,

Vienna, June 17, 1886.

HAVING entrusted Mr. Maude, Second Secretary to this Embassy, with the preparation of a Report upon the questions relating to Co-operative Societies, People's Banks, &c., contained in your Lordship's Circular of the 6th of April last, I have the honour now to inclose the report which he has drawn up, and which appears to me to treat the matters referred to in a very clear and exhaustive manner.

In order to obtain the information desired, Mr. Maude has been obliged to study with great attention the German statistical reports which have been published in connection with the various subjects, and, moreover, with a view to more complete accuracy, to place himself in communication with persons competent to afford him correct data upon them. I venture to recommend the report to your Lordship as doing much credit to Mr. Maude's diligence and research, as well as to his mastery of the German language.

I have, &c.,

(Signed) A. PAGET.

Inclosure 1 in No. 3.

Report on Industrial Co-operation in Austria.

I. THE report of the Austrian Industrial inspectors for the year 1885 gives the following details on Workmen's Co-operative Stores. Industrial Co-operative Stores.

The report on District I., which is comprised within the police limits of Vienna, states:—

There exist in this district several societies founded by workmen, which from small beginnings have so developed that they now afford facilities of cheap supply to many thousand families.

One of the most important of these associations is the "Arbeiter-Spar- und Consumverein" (Workmen's Saving and Supply Association) in Fünfhaus (registered as an unlimited liability company), founded in the year 1865 by 15 working men, and which now contains about 3,300 members. Workmen's saving and supply associations.

Any person, without distinction of station or sex, can become a member of the association. Nearly half the members, about 1,600, belong to the class of working men, while the remainder are independent mechanics, tradesmen, small officials, pensioners, widows, &c. Constitution and working.

Each member pays an entrance fee of 30 kr.* (6d.) to the reserve fund, and a subscription of 10 fl. (16s. 8d.) for a share.

The members have the right of speaking and voting at the general meetings, of procuring goods at the stores of the society, and of claiming a share in the profits.

In addition each member is allowed to make savings deposits to

* The florin is reckoned at 1s. 8d. and the 100 fl. at 8½ sterling, as being the nearest approximation to the present rate of exchange.

the amount of 500 fl. (40%). These deposits yield an interest of 6 per cent., and can be withdrawn at any time, together with the interest, on giving notice beforehand.

All goods bought must be paid for in cash.

At least 5 per cent. of the net profits are paid to the reserve fund, so long as the latter does not amount to 25 per cent. of the members' capital. Out of the amount which remains, interest at 6 per cent. is paid on the shares, and should any further sum remain it is paid in dividends to members according to the amount of goods purchased by each during the year from the society.

The association is managed by the Board of Directors, the Council of Inspection, and the general meeting.

The Board of Directors, which is composed of the manager, the cashier, and the goods manager, are elected for a period of three years from among the members in a general meeting.

The Board of Directors represents the society in its public dealings, and is charged with conducting all its business affairs. The members of the Board receive a salary.

The Council of Inspection, which is charged with watching over the management of the business by the Board of Directors, consists of 15 elected members, who receive no salary.

The general meeting has to consider and decide upon all matters of importance which affect the society, and these meetings are held quarterly.

The accounts are balanced quarterly.

Development association. The history of the development of this association, which has passed through several crises during its 20 years' career, may be gathered from the following figures:—

TABLE showing the Development of the Association from its Foundation in 1865 to the end of 1885.

Year.	Number of Members.	Turnover.	Dividends.	Percentage.	Reserve and Sinking Fund.	Paid-up Capital.		Interest Paid on Shares and Savings Deposits.
						Shares.	Savings Deposits.	
		Gulden.	Gulden.		Gulden.	Gulden.		Gulden.
1865	26	106	11*	4	...	91		...
1866	350	10,666	691	20	...	996		...
1867	720	45,003	1,912	15	63	4,745		75
1868	980	62,911	2,784	5	178	7,428		236
1869	1,800	140,797	8,448	6	569	21,128		565
1870	3,089	344,435	21,817	6½	3,587	44,435		1,437
1871	5,424	635,321	50,938	8	5,655	110,372		3,646
1872	7,006	1,025,027	87,867	8½	8,921	188,372		7,387
1873	7,110	1,267,991	91,666	7½	12,831	45,083	125,540	9,252
1874	3,684	924,364	37,391	4½	13,448	54,935	56,573	6,399
1875	3,380	569,208	40,136	6½	15,878	43,769	37,964	5,137
1876	3,545	582,667	42,039	7	18,405	40,479	33,990	4,322
1877	3,711	612,728	43,405	7	20,980	39,294	38,210	4,314
1878	3,863	514,576	36,634	7	26,210	38,370	37,389	4,529
1879	3,658	472,467	31,735	6½	30,733	34,391	42,392	4,627
1880	3,508	491,606	32,070	6½	27,264	22,805	61,765	3,438
1881	3,507	489,465	33,674	6½	19,768	22,721	72,874	3,845†
1882	3,499	485,708	31,622	6½	2,595	22,737	90,833	4,734
1883	3,571	502,489	32,569	6½	3,043	24,724	111,888	6,235
1884	3,743	528,780	35,608	6½	7,323	25,506	122,873	7,233
1885	3,796	512,975	34,719	6½	11,389	27,149	135,985	7,769

* During the first three years the dividends were reckoned on the shares.

† From the third quarter of 1880 no more interest was reckoned on shares.

At the beginning of 1885 another association on the above pattern was established by 30 workmen in the Tenth Communal District, under the name of the "Working Men's Supply and Saving Society Favoriten," with unlimited liability. It already numbers 180 members, and had, between August 1 and end of December, 1885, a turnover of 6,500 fl. (520*l.*). Prices are regulated week by week according to the current market prices.

Another association, on the same basis as the two above-mentioned, is the "First Lower Austrian Working Men's Supply Association at Fünfhaus."

Each member pays an entrance fee of 23 kr. (4*½ d.*), and a deposit of 5 fl. (8*s. 4 d.*) for a share. The latter sum can be paid in weekly instalments of 10 kr. Savings deposits bear interest at 6 per cent.

From the net profits interest is paid on the shares and deposits at the rate of 6 per cent. per annum, and 10 per cent. to the reserve fund. The surplus is paid to the members in dividends regulated in amount by the amount spent by the latter in purchases at the stores.

This association was founded in 1875, and numbers about 3,900 members; the shares and savings deposits of the members amount to about 67,000 fl. (5,360*l.*), and the turnover in 1884 reached the total of 471,000 fl. (37,680*l.*). It is conducted in the same manner as the first-named association.

Another supply association, entitled the "Self-help," was established in 1869 for Vienna and the neighbourhood. It numbers at present 1,100 members, who are obliged to be all working men.

Each member on entrance pays a weekly subscription not exceeding 1 fl.

On the subscriptions amounting to 10 fl. the member becomes entitled to vote.

The regulations differ in no important particular from those of the societies already mentioned.

The "Self-help" had in the first six months of 1885 a turnover of 29,000 fl. (2,320*l.*), a deposit capital of 19,000 fl. (1,520*l.*), and a reserve fund of 2,100 fl. (168*l.*).

This part of the report concludes by remarking that it is superfluous to go into details respecting the several other associations of the kind which exist, and are managed on similar principles; but their number is not given.

There are, however, two supply societies, which differ in some respects from those above-mentioned.

The "Supply Association in Gross Jedlersdorf" was founded in 1884, and has now 140 members. In the first year it sold goods to the value of 27,000 fl. (2,160*l.*), and paid a dividend of 8 per cent. The premises occupied by the stores, &c., were, however, given free by the owner of a factory. The rules are similar to those of the societies already mentioned; but the committee can dispose of a sum of 150 fl. (12*l.*) for the purpose of making temporary advances to members who are unable to pay cash for purchases.

In the second instance the late Herr Damböck, owner of a bobbin and lace factory in Vienna, lent the necessary capital to the association without interest, and placed at its disposal premises ready furnished and lighted free. The goods are purchased by a manager, assisted by a committee of 20 workmen, who moreover provide for their sale, &c.

Herr Damböck also established a fund of 500 fl. (40*l.*), from which the workmen can, in deserving cases, receive loans free of interest. This fund is under the control of a committee of workmen. The usual amount lent at one time is the equivalent of the borrower's weekly

wages, and in no case is it allowed to exceed double that sum. Repayments are made at the rate of 1 fl. a week, and cannot be discontinued without the sanction of the committee. This society, though not entirely independent of the aid of the owner of the factory, is managed on principles so nearly similar to those governing purely co-operative workmen's associations, that I have thought it worth while to notice it.

The reports on Districts II. to IX. only mention co-operative stores incidentally as existing in connection with certain centres of industry, but no details are given.

The inspector of the Tenth District (Tyrol, Vorarlberg, &c.) states that he met with co-operative societies in various localities, but that they were not in a flourishing condition. He notices one, however, attached to the spinning factory of M. Carl Gmahl, in Vorarlberg, and another at Hard, near Bregenz, as being exceptionally successful.

The latter has a yearly turnover of 94,000 fl. (7,520*l.*). It possesses a good range of premises, with butcher's shop and bakery attached, and sells to strangers as well as members.

Vorarlberg
stores.

It may be mentioned that the co-operative stores in Vorarlberg do not belong to the Co-operative Industrial and Provident Union (mentioned subsequently), which has done much to advance the organisation and proper management of these societies, and this may account for many of them being in an unsatisfactory condition in this district.

The report on the Eleventh District (Styria and Krain) mentions the existence of four co-operative societies managed by workmen, and which were all more or less flourishing.

The twelfth report contains no details on the subject.

Government
reports.

Unfortunately, the Government inspectors' reports furnish no statistics of the number of co-operative societies in the whole of Austria. The only reliable information on the subject is found in a report drawn up in 1881 by Dr. Hermann Ziller, editor of the "*Genossenschaft*," the organ of the "General Union of Industrial and Provident Societies in Austria," of which union he is the founder and director.

The subjoined table gives the number of co-operative societies in Lower and Upper Austria, Salzburg, Tyrol, Vorarlberg, Styria, Corinthia, Krain, the sea coast, Bohemia, Moravia, Silesia, Galicia, Bukovina, and Dalmatia, in 1881:—

People's banks	1,120
Consumers' societies (selling food, clothing, &c.)	235
Societies for assisting artisans in buying materials wholesale	6
" supplying agricultural implements, manure, &c.	14
Raw material and selling depôts	2
Selling depôt	1
Artisans' producing associations	41
Agricultural producing associations	61
Building societies	5
Trading	10
Insurance	2
Various	9
Total	1,515

Registration.

All societies in Austria, of which the number of members is unlimited, and which seek to benefit them by carrying on business in common, are required by a law passed in 1873 to be registered either as limited or unlimited liability companies, the measure of liability in the former case being fixed by their rules, which, however, do not generally make members liable for more than double the value of their shares, and

their responsibility terminates by law after their membership has ceased for one year. In unlimited companies members are liable for two years after leaving the society.

Unregistered societies are formed under an Act of 1852, and all with unlimited liability. They are not allowed to alter their rules without being registered, and are in process of extinction.

In 1881 rather less than two-fifths of the societies given in the above table were registered with unlimited, and rather more than two-fifths with limited liability, while one-fifth were unregistered.

By a law of January 1, 1880, societies which deal only with their own members are exempt from the tax on traders, and are charged income tax only on their net profits, with certain exemptions and allowances for those where the income does not exceed 184*l.* a year.

Only 83 consumers' societies made returns of their members and funds. From these it appears that they contained, in 1881, 32,979 members, and had a working capital of 1,501,105 *fl.* (120,088*l.*). Besides which, they held real property valued at 443,259 *fl.* (35,456*l.*), which was, however, mortgaged to the extent of 146,312 *fl.* (11,704*l.*). The system of allowing credit for purchases, which obtained in 70 per cent. of the societies which made returns, affected their profits prejudicially, the debts amounting to 20.5 per cent. of the selling price of their stock.

II. (a) No return exists of the number of artisans' productive societies in the whole of Austria of later date than 1881. It appears from Dr. Ziller's report that there were in that year 41 such societies in Austria, nine of which were in Lower Austria. Another report, drawn up by Dr. Ziller and lately published by the Vienna Chamber of Commerce, gives the number of these associations in the province (the report only deals with Lower Austria) as 11 in 1884, of which six were registered with unlimited and four with limited liability, and one was not registered; they contained 480 members.

Nine only of these societies made returns, which showed shares to the amount of 94,252 *fl.* (7,536*l.*), with reserved funds amounting to 11,271 *fl.* (896*l.*), making altogether a capital of their own of 105,523 *fl.* (8,440*l.*). They were employing borrowed capital amounting to 73,801 *fl.* (5,904*l.*), of which 7,506 *fl.* (600*l.*) were savings deposits, and 66,295 *fl.* were borrowed (5,296*l.*).

The total working capital was 179,324 *fl.* (14,844*l.*).

The turnover in finished goods was 339,611 *fl.* (27,168*l.*), and the gross amount 341,343 *fl.* (27,804*l.*); 155,676 *fl.* (12,448*l.*) were spent on wages, and 36,724 *fl.* (2,936*l.*) on working expenses. The value of raw material, half manufactured goods, &c., purchased, was 141,850 *fl.* (11,344*l.*).

Seven of the societies made profits amounting to 12,551 *fl.* (1,009*l.*). The two others showed a deficit of 5,128 *fl.* (408*l.*). According to these figures, therefore, the profit on the working capital of these nine societies was only a little over 4 per cent.

There appear to be no societies where the employers share profits with the workmen except in the case of co-operative societies, by the statutes of which, as shown below, workmen who are not members of the association receive dividends from profits calculated on the amount of wages earned by them during the year.

Dr. Ziller informs me that the most flourishing co-operative productive societies are the musical instrument makers and manufacturers of the fancy goods for which Vienna is famous.

Strikes are unknown in co-operative workshops, where each workman has a share.

If, however, this question be applied to cases where employers of

labour have set up stores from which they supply the workmen with food, &c., it assumes a different aspect. For though in some cases these stores may come under the head of arrangements between employers and employed, they are not, strictly speaking, co-operative societies, and have for that reason not been noticed in this report. In all instances they are wanting in the principle of independent co-operation, and in many cases they have been so conducted as to produce discontent and complaint among the workmen.

The following extract from the statutes of the newly-formed co-operative association of iron and metal-workers in Vienna, which Dr. Ziller has kindly placed at my disposal, show the terms on which profits are usually divided in societies where the liability is unlimited, to which category most of the metropolitan associations belong, owing to the enhanced credit which they thereby obtain.

At least 10 per cent. of the net profits goes to the reserve fund, as long as the latter does not amount to 20 per cent. of the members' capital. This appropriation can be discontinued when the reserve fund has reached that amount, but must be again resorted to should it by reason of losses have sunk below 20 per cent.

When a sufficient surplus is forthcoming, interest at 6 per cent. per annum is to be paid on the shares.

Four-fifths of any further surplus will be distributed in the shape of dividends among members, according to the amount of shares held by each, while one-fifth will be divided among those employed in the association, without reference to their being members or not, in proportion to their wages during the year.

Interest and dividends will not be paid on fractions of guildens, and interest will be reckoned only on the number of whole months the shares have stood in the funds of the society; on the other hand, dividends will be payable on the value of shares paid in at the end of the preceding year, and which, therefore, have been made use of during the whole financial year.

All workmen who have been employed for six months will have a share in the wages dividends at the end of the year.

If the proceeds of the business of the current year, together with the reserve fund, be insufficient to cover losses, a call shall be made on the members' shares, which will bear a share in covering this loss in proportion to their value, by which means the loss will, in cases where the deficit does not swallow up the whole of the members' shares, be covered by a contribution from each of the shares in proportion to their value.

In calculating the proportion of loss to be borne by each individual, the amount reached by a share in the year will be taken as a basis, neglecting fractions of a gulden. If a member is in arrears with the payments on his share, the amount of such arrears will be added to the value of his share.

In no case shall it be permissible for a member, whose share has been wholly or partially sacrificed in this manner, to make demands upon those members from whom smaller payments shall have been required in consequence of their stricter observance of the obligations imposed upon them by the rules of the society.

It is evident that co-operation, when carried out on the above principles, is a means of combating socialism, and avoiding disputes originating from its tendencies.

At present the productive associations are at a disadvantage as regards taxation compared with private firms, owing to the publicity of their accounts, and their being taxed upon their gross profits.

A Bill was however introduced on the 2nd instant, by certain private members in the Reichsrath, for the purpose of placing the productive societies on the same footing as the consumers, and provident societies which, since 1881, have paid income tax only on their net profits, and this measure will, if it passes, reduce the taxes on productive societies by two-thirds.

III. People's banks are the most numerous co-operative societies in Austria. As has been already seen in Dr. Ziller's table, there were 1,129 of those associations in 1881. They were unequally distributed over 10 different provinces: Bohemia having 425, Moravia 304, Galicia 140, and Lower Austria 128, the other provinces only contributing in numbers varying from two to 33 to the total.

About half these societies were unlimited as to liability.

The People's banks may be divided into two groups. The first, the majority, are open to all classes, and their members are generally tradesmen, artisans, and farmers; the minority, which form the other category, are open only to officials.

The total number of the latter kind of societies in Austria was 79, more than two-thirds of which are in Lower Austria, the metropolitan province.

Only 696 societies made a return of the number of their members, which amounted to 296,648, giving an average of 426 members per society.

The 357 societies which had unlimited liability had 168,979, the 312 with limited liability 118,632, the 27 not registered 9,037.

The practice of making advances to non-members was followed in about a quarter of the societies which made returns. The societies which are composed of officials only do business with their own members.

This system of doing business with the general public has had unfortunate results. It originated in part from the fact that People's banks were, until 1880, treated as traders, and were obliged to pay the tax on industry and income. Recourse was therefore had to the outside public as a means of increasing profits.

The advances made during 1881 by 726 People's banks which made returns were:—

				Fl.	£
For a fixed term	..	..	..	170,337,916	= 13,627,032
On current accounts..	..	..	..	1,426,509	= 114,120
Total..	..	..	..	171,764,425	= 13,741,152

being an average of 234,784 fl. per society.

On an average the outstanding capital at the end of 1881 was 180,359 fl. per society, or 435 fl. per member, of all those which made returns: the societies where the liability was unlimited showing the lowest figures in their outstanding accounts.

The different securities on which accounts were outstanding at the end of 1881, and their proportion to the whole sum of 134,006,732 fl., were:—

						Per cent.
Bills of exchange and notes of hand	..	..	..	..	..	66·08
Securities	..	..	..	..	..	2·13
Mortgages	..	..	..	..	..	31·20
Current accounts	..	..	..	..	..	0·59
Total	..	..	..	..	..	100·00

The paid-up capital consists of the shares, the reserve fund, and in some cases of the guarantee fund ("Sicherstellungsfond"), which last is formed by members who receive advances, and are obliged to pay a fixed percentage of the gross amount of what they borrow to it. It is the property of the members in question, and is intended to cover losses incurred in advancing money, and must be exhausted before the reserve fund can be touched. It is only to be found in a few societies.

The paid-up capital is thus divided in the societies which made returns:—

	Fl.
Shares	20,481,681
Reserve fund	4,976,698
Guarantee fund.	321,737
Total	25,780,061 = 2,058,400l.

giving an average of 66 fl. as the value of a member's share.

The reserve fund is usually obliged to be raised to 10 per cent. of the member's capital.

The average amount of each member's interest in the paid-up capital of those societies where returns exist, counting the shares, reserve fund, and guarantee fund, is 84 fl.

The borrowed capital at the end of 1881 was:—

	Fl.
Savings deposits	123,732,853
Loans	4,063,759
Re-discount	1,867,674
Total	129,164,286

The paid-up and borrowed capital therefore show together a working capital of 154,894,347 fl. (12,391,544l.) for the societies which have made returns, making a sum of 504 fl., or about 40l. for each member.

The working expenses of 330 People's banks, where the gross profits amounted to 5,220,315 fl., were 907,646 fl., not including expenditure on real property, and the amount written off on the inventory.

Social,
recreative, and
educational
societies.
Co-operative
building
societies.
Agricultural.

IV. Co-operative associations for other than economical purposes are prohibited by law in Austria.

V. Five co-operative building societies existed in 1881, all but one of which were in Lower Austria; their object was to provide dwellings for artisans, but they were not a financial success, and are all at present in liquidation.

VI. Of the 61 agricultural co-operative societies in Austria 59 were dairies and cheese farms. Of these 31 were in the Tyrol and 21 in Vorarlberg.

There is also a co-operative association for bee-keeping and another for hop-culture.

Details respecting the financial condition of these associations are wanting; but one, the "Vienna Dairy Company," the only society of the kind in Lower Austria, is known to have a flourishing business.

Fishing,
shipping,
industries, &c.

VII. From inquiries made at Trieste, it appears that there are no co-operative societies connected with shipping, fishing, &c.

Vienna, June 16, 1886.

No. 4.

ITALY.

Sir J. S. Lumley to the Earl of Rosebery.

My Lord,

Rome, May 31, 1888.

IN reply to your Lordship's Circular of the 6th of April last, I have the honour to transmit herewith a letter addressed to me by Mr. Adam, Second Secretary in Her Majesty's Embassy, enclosing a report which he has drawn up, in answer to the questions respecting the practice of co-operation in this country contained in that despatch, together with a translation of the Provisions of the Italian Code of Commerce relating to Co-operative societies.

I have, &c.,
(Signed) J. SAVILE LUMLEY.

Inclosure 1 in No. 4.

Mr. Adam to Sir J. S. Lumley.

Sir,

Rome, May 31, 1888.

I HAVE the honour to inclose herewith the Report which, in accordance with your Excellency's instructions, I have drawn up in reply to the questions respecting co-operation in Italy, contained in the Earl of Rosebery's Circular, of the 6th of April last, to which I have added, as an appendix, a translation of the Provisions of the Italian Code of Commerce relating to Co-operative societies. I am indebted for the materials upon which the report is based to the courtesy and kindness of Commendatore A. Monzilli, of the Ministry of Agriculture, Industry, and Commerce, who also in some instances supplied me with verbal information on the subject.

I have, &c.,
(Signed) G. R. FREDERICK ADAM.

Inclosure 3 in No. 4.

Report on Co-operation in Italy.

DURING the last 20 or 25 years co-operative institutions have been gradually gaining ground in Italy, but their development has been especially rapid since 1888. Recent development.

Previous to that year their spread was hampered by legal restrictions. The old Commercial Code did not recognise co-operative societies as such, and they were consequently obliged to assume the form of Limited Liability Companies (*Società Anonime*), which the provisions of the law rendered in many respects unsuited to them. Due partly to new Code of Commerce. The new Code of Commerce, which came into force on January 1st, 1883, has entirely changed their condition. Not only does it recognise them officially, and allow them greater freedom in framing their constitution, but it devotes a special chapter to those provisions which

experience has shown to be most favourable to their success. (Codice di Commercio, Tit. IX., Sect. VII., Articles 219-228, a translation of which is enclosed herewith.*)

The memorandum† addressed by Commendatore Monzilli to the International Scientific Congress of Provident Institutions in 1883 furnishes a valuable commentary to this portion of the Code.

Variety of objects of co-operative societies.

Instances of various kinds of co-operative associations are to be found in Italy, but by far the most important, in regard to their numbers, capital, and success, are the co-operative or People's banks ("Banche Popolari").

"Società Co-operative di Consumo," or co-operative stores.

Co-operative stores ("Società Co-operative di Consumo"), for the purchase and retailing of provisions, fuel, and other necessities of life, are fairly numerous and successful among the working classes in cities and towns. In many cases their establishment is due to the initiative of friendly and mutual benefit societies, and sometimes the two objects are combined by one association.

Exempted from payment of "octroi."

A law passed in 1870 (Law of August 11th, 1870, Appendix L., on "Octroi" Dues, Article 5) exempts co-operative societies from the payment of octroi or local entrance dues ("Dazio di Consumo"), "upon goods provided by them for distribution solely among their own members, for purposes of benevolence, and for consumption at the homes of those persons to whom the distribution is made."

Effect of statute.

This statute led to a considerable increase in the number of co-operative stores, and cases occurred in which the privilege was abused, and the real object of the society itself, or of individual members, was to defraud the octroi by introducing goods for purposes of trade. In order to prevent similar occurrences, the constitution of most co-operative store associations expressly forbids the members, under pain of expulsion, from allowing strangers to deal at the store in their name, or from selling the goods obtained there.

Credit.

In some of the stores a small amount of credit is allowed to members for a very limited time.

No statistics respecting the number or capital of these stores have yet been published.

Co-operation as applied to production.

Co-operative Associations for purposes of production exist in Italy under various forms, but they are not very common, though since the new Commercial Code came into force their numbers have increased considerably.

They are generally established by and limited to members of the same trade or occupation, and exist at present among masons, bakers, macaroni makers, tailors, milliners, rope-makers, printers, &c.

Sketch of constitution of co-operative societies in Italy.

In these bodies, as indeed in all co-operative institutions in Italy, the shares are nominative and personal, and cannot be transferred without the consent of the society; their nominal value varies from 5 fr. to 100 fr. (4s. to 4l.), payable in instalments.

The business of the society is managed by a board of administrators elected by the general assembly of the members, which also elects controllers ("sindaci") to superintend the proceedings of the board, audit the accounts, &c., and arbitrators ("probi viri"), to whom disputes arising between the society and its members are referred.

The associations for production are either intended (a) for the purchase of raw materials, tools, &c., or (b) for the exercise in common of the trade to which they refer, whether in a co-operative workshop or otherwise.

* Appendix.

† "La Législation Italienne et les Sociétés Co-opératives," par A. Monzilli, &c. Rome (Botta), 1883.

With regard to the former class, Signor Luzzatti, in a circular "Industrial addressed to the presidents and managers of People's banks in 1880, co-operative on the relations between those institutions and societies of co-operative stores." production, quotes the following interesting case :—

"At Bologna, in June, 1872, about 20 working joiners and carpenters At Bologna. of their own accord formed an association to purchase the raw materials and tools required for their trades by wholesale, reselling them as required to the different members. Their object was to economise the profits of intermediaries and retail dealers. With this in view, they agreed to contribute 25 c. (2½d.) each weekly for the formation of the capital required. Others approved the idea, and in June, 1875, they began operations with a fund of little more than 1,000 fr. (40l.). At the close of the first working year (June 15, 1876) the members were 67, and the capital had risen to 3,463 fr. 38 c., and by June, 1879, the respective numbers were 125, and capital 11,355 fr. 83 c., while the average of dividends during the four years was 12·73 per cent."

Signor Luzzatti attributes the success of this undertaking to the following causes :—

1. Having patiently waited before beginning operations until a sufficient capital had been accumulated.
2. Having maintained a judicious proportion between the available capital and the transactions entered into.
3. Having gradually dispensed with the services of middle men.
4. Having kept back the annual profits as they accrued to increase the amount of available capital.
5. Having limited the fixed capital and the expenses of the management, which, with the exception of the salaries of a store-keeper and a clerk, was entirely free of charge.
6. Having laid down the rule that, with such exceptions only as humanity and justice might dictate, the amounts belonging to members who withdrew from the association before the end of three years should be retained and paid into the reserve fund.
7. Having admitted non-members to make purchases at the society's store as soon as the capital was sufficient to justify such a course.

A similar institution exists at Cantù, near Como. Its share capital amounted, at the end of February, 1884, to 50,000 fr., in 50 fr. shares. Besides paying interest on each share at the rate of 5 per cent., and setting aside 20 per cent. of the net profits for the reserve fund, it distributed 1,936 fr. 24 c. as dividend amongst its members.

As an example of the second kind of association among workmen of the same trade may be quoted one established at Spezia among bricklayers, masons, and workmen of kindred trades, which is intended to procure for its members work in common, by undertaking building operations by contract, by the job, or otherwise.

The shares are 25 fr. each, payable in weekly instalments of 1 fr at least.

No member may hold more than 20 shares.

The profits are divided as follows :—

20 per cent. to reserve fund.

80 " to shareholders.

The Board of Administration consists of 10 members.

With regard to co-operative workshops the following instances may be of interest :—

The "Archimede" co-operative workshop of Milan.

In this establishment, founded, for a term of 50 years, in

Causes of success of the undertaking.

Instance co-operative association, with a view to production among members of the same trade.

Co-operative workshop. "Officio Co-operative Archimede" of Milan.

November, 1884, under the auspices of the friendly or mutual benefit society of the same name, among smiths, machinists, ironfounders, &c., for the purpose of carrying on a workshop in common :

The shares, of the value of 20 fr. each, are payable in monthly instalments.

The members have the right of being employed, so far as there is room, in the common workshop.

Division of profits.

The remainder of the net profits, after deduction of 20 per cent. for the reserve fund, is distributed as follows :—

50 per cent. to the shareholders ;
25 „ to the manager and workmen employed ;
5 „ to the mutual benefit society in aid of the pension fund for disabled workmen.

The Board of Administration consists of five members, three of whom are to retire at the end of the first, and two after each succeeding year.

The manager of the workshop is appointed by the Board, and responsible to it.

Constitution of Lugo Hemp-working Association.
Two classes of members.

In the Co-operative Society for Hemp-working, established in December, 1884, at Lugo, in the province of Ravenna, for a term of 30 years, the members are of two classes :—Mere shareholders and working members, the latter being workmen who have resided at Lugo for two years at least.

The shares are 50 fr. each, payable, in the case of mere shareholding members, in monthly instalments of 5 fr., and in weekly instalments of 50 c. in the case of working members.

Mere shareholders are entitled to their proportion of the profits only after their shares are fully paid up, while working members participate in the profits according to the amount paid up by them.

Profits how divided.

Until the reserve fund shall amount to 100,000 fr., the net profits shall be divided as follows :—

30 per cent. to reserve fund ;
10 „ to a special fund in favour of working members ;
40 „ to all members without distinction ;
20 „ to the working members in proportion to the amount of wages paid to them during the year.

When the reserve fund shall have reached 100,000 fr., only 10 per cent. shall be assigned to it, and the dividends payable to all members and to working members shall be raised to 50 per cent. and 30 per cent. respectively.

Directors.

The Board of Administration consists of 15 members.

The Mayor of Lugo and the presidents of the Charity Association, Savings Bank, People's Bank, and Mutual Aid Friendly Society, or their substitutes, are "ex-officio" members of the Board. The remaining 10 members are elected in equal proportions from each class of members, and from these 10 the Board elects the president, vice-president, and treasurer.

Management of factory.

The technical work of the factory is entrusted to a manager and two assistants.

The manager must be a member.

If paid, he is elected by the board of administrators ; if unpaid, by the general assembly of members.

The assistants are selected by the board of administrators from among the working members, and receive an increase of pay.

In the "Journemen's Printing Press" of Milan, founded in February, 1885, among the members of the "Italian Journemen Printers'

Association" (Associazione fra gli operai tipografi Italiani) for a term "Tipografia" of 30 years, the shares, 600 in number, of 50 fr. each, are payable in degli Operai" weekly instalments of 50 c. of Milan.

No single member may hold more than 10 shares, but each branch of the Journeymen Printers' Association may hold 15.

Besides the usual grounds for losing the rights of membership, any member forfeits his privileges on becoming the owner of a printing business.

The workmen in the printing office are selected from these share- Workmen. holders who also belong to the Italian Journeymen Printers' Association.

The Board of Administration consists of nine members, including Directors. president and vice-president. Not more than two of the workmen in the office can be elected on the Board.

The business manager, who receives a salary, is appointed by the general assembly of members on the proposal of the Board of Administration. He cannot be a member of the Board.

The profits are appropriated:—

20 per cent.	to the reserve fund;	
5	„ to the business manager;	Profits how
5	„ to the workmen employed in proportion to their	divided.
	daily wages;	

70 per cent. as dividend on the shares.

In the "Printers' League" of Imola, founded in February, 1886, for a "Lega term of 50 years, the members are of two classes:—Effective members, Tipografica." i.e., the founders and such others as are of full age and have worked for Two classes of three years in the office: every effective member must subscribe one members. share at least. Co-operating members, i.e., those persons who have worked in the office for three consecutive years, and are not less than 18 years of age.

New workmen are on probation for the first year.

The shares are of the value of 50 fr., payable two-tenths on entrance and the rest by instalments.

After the deduction of 30 per cent. of the net profits as a dividend Division of on the shares, the sum remaining shall be divided as follows:— profits.

10 per cent.	to reserve fund;
25	„ to a fund for providing aid in case of illness,
	and pensions for those too old or unable to work, in favour
	of members, whether effective or co-operating;
50 per cent.	to those members employed in the business;
15	„ to all persons employed.

The "Casalini Cabinet-making Association" ("Ebanisteria Casalini"), "Ebanisteria founded at Faenza for a term of 50 years, has for its object the Casalini" at development and increase of cabinet-making, carpentering, and similar Faenza. arts by the establishment of a co-operative workshop and the purchase of the works and plant of the firm of Eurico Casalini.

The society is not to begin working before 50,000 fr. of the capital have been subscribed, and 20,000 fr. paid up.

The value of each share is 50 fr., payable in monthly instalments shown of 10 fr. The workmen in the employ of the society may, however, acquire shares by weekly instalments of 1 fr. deducted from their wages.

No dividend will be allowed on any shares on which less than 25 fr. Dividends. has been paid up, and the proportion of dividend due on shares not fully paid up is to be deducted from the unpaid balance until the payment is completed.

Profits how
divided.

The profits are divided as follows :—

- 60 per cent. to the shareholders ;
- 20 „ to reserve fund ;
- 20 „ placed at the disposal of the Board of Administration for such purposes as they shall deem most advantageous to the workmen.

When the reserve fund shall amount to one-half of the capital subscribed, the 20 per cent. assigned to it out of the profits may also be divided among the members.

Directors.

The Board of Administration consists of a president, vice-president, and five directors (two of whom retire each year), elected by the general assembly of the society.

Management
of workshop.

The direction of the workshop is confided to a manager and a foreman, both of whom are required to deposit a sum as caution-money, and are responsible to the Board of Administration.

The above extracts from the constitutions of various societies of productive co-operation will serve to give some idea of their different modes of operation, as well as of the terms on which the profits are divided.

Arrange-
ments between
employers and
employed.

Only the “Lugo Hemp-working Association” and the “Ebanisteria Casalini” seem in any way to resemble an arrangement between employers and employed. In the former the simple shareholders, who number 192, belong to all classes of society, and have subscribed 720 shares (36,000 fr.), while the working members, 186 in number, have subscribed 188 shares, or 9,400 fr. The latter, which at the time of its formation consisted of 154 members, holding 920 shares (46,000 fr.), seems to be rather a commercial undertaking in co-operative form, which allows the workmen in its employ an opportunity of acquiring a direct interest in its managements.

All these associations are of such recent origin that it is quite impossible to obtain any information as to their commercial success or their ability to prevent strikes and other disputes.

CO-OPERATIVE BANKS.

Their origin
due to Signor
Luzzatti.

The system of co-operative or People's banks in Italy owes its origin to Signor L. Luzzatti.

In a work which, at the age of 23, he published on “The Diffusion of Credit in Italy,” and subsequently in a series of lectures delivered at Milan during the years 1863–64, he advocated the establishment of institutions similar to those founded in Germany by Schulze Delitzsch, and from that time his name has been continuously connected with their progress and development.

The first People's banks in Italy were founded at Lodi and at Milan in 1864, and during the next three years others arose in Lombardy, Venetia, Romagna, and Piedmont.

Statistics of
number and
operations,
1870–1883.

The accompanying table, taken from the statistical report on the People's banks for 1883, shows the gradual increase in their numbers, and growth of their capital and operations, from the end of 1870 to that of 1883.

TABLE I.

- A. Patrimony, i.e., paid-up capital and reserve fund.
 B. Deposits in account current, deposits of savings, interest-bearing bonds.
 C. Bills of exchange accepted.
 D. Advances and sums carried over.

The amounts are stated in Millions and Thousands of Francs.

Year		Number of Banks.	A. Patrimonio (Capitale Versato e fondo di Ri- serva).	B. Depositi in Conto Cor- rente, De- positi a Ris- parmio, Buoni Fruttiferi.	C. Cambiali in Portafoglio.	D. Anticipazioni e Riporti.
1870	..	50	14,922	32,687	25,534	6,299
1871	..	64	27,227	64,427	43,049	13,162
1872	..	80	31,168	78,208	42,462	19,379
1873	..	88	38,721	78,568	50,286	17,995
1874	..	100	41,832	100,528	72,515	19,882
1875	..	109	42,868	114,658	85,730	18,096
1876	..	111	45,138	125,529	94,655	19,078
1877	..	118	47,634	142,894	106,868	19,095
1878	..	123	49,093	162,942	122,619	17,718
1879	..	133	49,606	167,464	121,852	20,435
1880	..	140	50,610	179,898	121,539	21,149
1881	..	171	53,886	193,310	138,769	21,792
1882	..	206	57,852	206,899	145,570	25,656
1883	..	250	64,643	261,421	167,619	29,279

On the 31st of December, 1884, they numbered 316, with a nominal capital of 60,197,248 fr., and a subscribed capital of 58,449,273 fr., while the business transacted by them amounted to 475,101,684 fr. 8 c. On the 30th of June, 1885, the corresponding numbers were as follows:—Number of banks, 368; nominal capital, 64,454,475 fr.; subscribed capital, 62,632,500 fr.; business transactions, 509,499,115 fr. 68 c., or nearly 20,400,000l.

The statistics for Dec. 31, 1885, have not yet been published, but the number of the banks was 423.

The statement of the geographical distribution of the banks at the close of each year, from 1870 to 1883, appended herewith, is also of considerable interest.

TABLE II.

Regioni.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.
	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.	Number.
1. Piedmont	6	10	10	10	13	12	12	12	13	12	12	14	16	18
2. Liguria ..	1	2	4	5	5	4	4	4	4	4	4	4	4	4
3. Lombardy ..	12	16	22	23	25	26	25	23	25	25	25	28	28	38
4. Venetia ..	9	9	12	14	14	16	19	23	28	28	29	31	30	32
5. Emilia ..	6	7	11	11	13	13	13	18	14	14	15	18	20	24
6. Umbria ..	1	1	1	2	2	2	3	3	3	3	3	3	5	5
7. Marche ..	3	3	4	5	6	9	9	9	9	10	12	12	18	18
8. Tuscany ..	11	12	11	10	12	12	11	11	10	10	10	12	15	18
9. Latium ..	..	1	2	2	2	2	2	2	2	3	3	3	4	5
10. Abruzzi e Molise	..	..	..	..	1	1	1	1	1	5	5	8	11	17
11. Campania ..	1	1	2	3	3	4	4	5	6	6	7	9	14	17
12. Puglia ..	..	1	..	..	..	..	..	2	2	3	6	11	21	27
13. Basilicata ..	..	..	..	..	..	..	..	..	..	1	1	9	10	14
14. Calabria ..	..	..	..	..	..	1	1	1	1	1	1	1	3	5
15. Sicily ..	..	..	1	3	4	6	6	7	7	7	7	8	12	18
Total ..	50	64	80	88	100	109	111	118	128	133	140	171	206	250

It is worthy of notice that, whereas in 1870 there existed but one People's Bank in the southern half of Italy, there were in the same region no less than 98 at the end of 1883. Spread of People's banks in South Italy.

In 1884 they numbered 85 in the former Neapolitan provinces alone, and Signor Luzzatti has expressed the conviction that, but for the outbreak of cholera during that year, they would have exceeded 100.

The objects of the People's banks are to encourage habits of saving among the working classes, by affording them the advantages of an improved savings bank, and, at the same time, to extend the benefits of credit upon reasonable terms to those localities and classes of society which would otherwise be entirely deprived of them. Thus, for instance, as Signor Luzzatti remarks in his latest report as president of the Association of People's Banks, prefixed to the statistical report (Page XI.) respecting their progress in 1881-82 and condition for 1883: "But for these institutions the whole of the savings of Lombardy would be concentrated at Milan, and the blessings of commercial and agricultural credit would be unknown, not merely in small places, but even in large towns such as Bergamo, Brescia, Cremona, Pavia, Lodi, &c., where the savings deposited in savings banks amount to millions of francs." Their object to encourage thrift and extend credit among working classes.

These banks are not intended as mere institutions of charity, nor as speculative undertakings with a view to large commercial profits; but, like the "Credit Institutions" founded by Schulze Delitzsch in Germany, they are based on the principle of self-help. Not mere charity or commercial gain.

The new Code of Commerce, by limiting the amount of capital which any single member may invest,* by fixing the maximum value of the shares, by allowing but one vote to each member irrespective of the number of shares held by him, by prohibiting the transfer of shares even when wholly paid-up without the consent of the society or of the Board of Administration;† and by restricting the appointment of proxies at the general meetings, tends effectually to prevent them from being diverted from their true aims for purposes of speculation, or for the furtherance of private interests. Promoted by new commercial code.

The fundamental difference between the German and Italian co-operative banks consists in the varying degree of responsibility imposed on their members. While the German institutions are based on the unlimited liability of their shareholders, the Italian banks have, from the first, adopted the principle of limited liability. With regard to this difference Italian writers point out that the assumption of unlimited liability would have deterred persons of means and education, whose assistance at the outset was more indispensable in Italy than in Germany, from becoming members, and at the same time the character and habits of the people themselves would have disinclined them from entering any associations involving so great a risk. Degree of liability of members main difference between Italian and German co-operative banks. Reasons for this.

Some co-operative banks with unlimited liability have, it is true, been established in Italy during the last few years, chiefly in Venetia, at the suggestion of Dr. L. Wollenbourg, but these are only about 10 in number, and the banks with limited liability have therefore alone been taken into consideration. Exceptions.

Like Schulze Delitzsch, Signor Luzzatti lays much stress on the fact that the success of institutions of mutual credit is intimately bound up with the moral character of their members, that they may be considered "the capitalisation of honesty," and that consequently deposits will be attracted to them in proportion to the strictness of the guarantees, by which the character of their members is assured. Influence of personal character of members on success of People's banks.

* See Art. 224. † See Art. 225.

For this reason applications for admission to membership are invariably required to be accompanied by recommendations from two actual members, and carefully examined by the Board of Administration.

Signor Levi's
Manual.

In order to diffuse the necessary information for the foundation and management of Co-operative banks, a "Manual for Co-operative People's Banks in Italy," by Signor Ettore Levi, was published at Milan in 1883, with the sanction of the general association of these banks.

Organisation,
&c., of People's
banks.
Capital.

The particulars which follow as to the mode of transacting business, &c., are mainly derived from this work.

The capital of a co-operative bank consists of:—

The *entrance-fees* paid by members,

The *shares* subscribed by them,

The *reserve fund*,

and any other sums set apart for special purposes.

Loans and
deposits.

In order to be able to extend its operations, the bank may either contract loans—a method largely pursued in Germany—or receive sums on deposit at interest (the more usual course in the Italian banks) in the form of savings, or of accounts current.

Reserve fund.

A portion of the net annual profits, varying from 5 per cent. to 30 per cent., is set aside to form a reserve fund. Signor Luzzatti, in his report, expresses great satisfaction at the proportion (one-third) already reached between this fund and the paid-up capital of the banks, but he urges them not to rest until the reserve shall be at least one-half of the paid-up capital, and to invest it in Government funds, mortgages on land, and such other securities as can be safely and speedily converted into ready money in the event of a crisis.

Sums for
special pur-
poses.

The sums set apart for special purposes are placed at the disposal of the administrative board (or directors) for such objects as gratuities to employés, loans on trust ("prestiti d'onore"), and contributions to charitable, educational, or provident foundations.

Organs of ad-
ministration.

Besides the usual organs common to co-operative societies in general, such as:—

The *general assembly* of members (one-fifth of whom form a quorum),

The *Board of Administration*, or directors,

The *Committee of Control*, or auditors ("sindaci"),

The *arbitrators* ("probi viri"),

"Comitato di
Sconto."

and the *business manager* and *clerks*, the People's banks also possess a so-called "*Discount Committee*" ("Comitato di Sconto"), composed of the directors and other competent members, whose duties are:—

1st. To examine all applications for credit; and

2nd. To fix the maximum of credit, within the general limits fixed by the regulations of the bank, to be allowed to each member.

"Castelletto."

A special register (called "Castelletto") is kept, containing the names of all members, and the amount of credit to which they are respectively entitled. This should be subjected to frequent revisions, *e.g.*, at intervals of six months, so as to protect the society against all possible risks.

Objections have been raised against this system, but Signor Luzzatti and the general Association of People's Banks have given it their support, as affording a great safeguard against possible bad faith or carelessness on the part of their servants.

Signor Luz-
zatti's recom-
mendations as
to gratuities
and disin-
terested ser-
vices of direc-
tors, &c.

In his last report, Signor Luzzatti warmly recommends that the services of the board of directors, controllers, and committee of discount should be rendered gratuitously, and this has in many instances been carried out with success.

He also advises that the example of those banks in which the

directors, &c., abstain from making use of the facilities of credit afforded by the institution in which they hold office, and of those in which the amount of credit given to any member is definitely fixed, should be more generally followed.

The operations undertaken by People's banks are the following:—

(a) Granting of loans and discounting of bills of exchange, warrants, specifications of work undertaken, statements of account for goods ("fatture"), orders of public departments, treasury, provincial, or municipal bonds. Summary of transactions undertaken by People's banks.

(b) Granting loans on trust ("prestiti sull' onore").

(c) Operations of credit in behalf of agriculture.

(d) Granting pecuniary aid on the security of public stocks.

(e) Opening accounts current upon the guarantee of two or more persons in good standing.

(f) Receiving deposits in cash.

(g) "Servizio di Cassa," i.e., undertaking collections and payments, and issuing cheques and receiving bills of exchange for collection, in behalf of members or third parties.

(h) Receiving valuables on deposit for safe keeping, or bonds, &c., for collection of interest due on them.

(i) Undertaking, *free of charge*, the management of the capital of other co-operative or friendly societies.

Transactions under the heads (a), (c), and (e) can only be undertaken in behalf of members.

The preference is given to such loans, discounts, transactions of credit to agriculture, or advances as involve the smallest sums, and in cases where the bank cannot accede to all the applications made to it, the oldest members, or those who also possess an interest in other co-operative or friendly societies and are not indebted, shall have the preference. Transactions for short periods and small amounts preferred.

No operations of a speculative character can be undertaken, nor can sums received on deposit be employed in operations extending over a prolonged period, or in the purchase of real property, except for the purpose of recovering amounts due, or for the site of offices, &c. Transactions excluded.

(a) As regards loans and discounts, in order to be entitled to apply for such facilities a member must:—

1. Have paid up at least half the amount of one share.

2. Not be actually in debt either to the bank or to his sureties on account of any previous loan obtained from the bank.

3. He must furnish, according to circumstances, moral or material guarantees for the strict fulfilment of his obligations.

No member can obtain a loan for any sum exceeding twice the amount paid up on his shares. (A definite amount is also generally specified as a limit.)

The amount of the loans referred to above must be stated in the form of a bill of exchange, payable at the expiration of six months, which may, however, be extended four months upon the punctual repayment of one-quarter at least of the original sum.

Bills of exchange presented for discount must bear two signatures at least of persons well known and in good standing. (The signature of the person presenting the bill may count as one of them.) The bills must be payable not later than six months from the date of presentation.

In the case of warrants, the goods deposited may take the place of the second signature. Warrants.

Specifications of work undertaken ("note di lavoro") and statements

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"Note di lavoro" and "fatture."

G

Limitation of credits to members.	<p>of account ("fatture") must be approved by the person liable for payment, and bear his promise not to pay except to the bank.</p> <p>No member can obtain at one time credit (whether in the form of loans, discounts, or accounts current) for any amount exceeding that which the general assembly fixes, from year to year, by the advice of the Board of Directors.</p>
(b) Loans on trust.	<p>(b) Loans on trust ("prestiti sull' onore") are intended as an encouragement to the honest and industrious poor, by admitting them gratuitously to the benefits of credit to which they could not otherwise attain.</p>
To whom granted.	<p>Applicants must be very poor, must have a good reputation for honesty and industry, must possess a trade or occupation, and be able to read and write.</p> <p>Most banks also require them to be members of some co-operative or friendly society.</p>
Credits to agriculture.	<p>The maximum amount of the loan is usually not more than 100 fr.</p> <p>The applicant must be recommended by two witnesses to character ("patroni"), who vouch for his honesty and ability to repay the amount; or if a member of a society, by its executive.</p> <p>The loan is granted for a short period, not exceeding six months, and repayable in regular instalments. In order to encourage thrift, a small interest is allowed upon the sums repaid.</p> <p>Many banks assign a fixed sum each year to this form of credit. This, in the case of the People's Bank of Milau, amounts to 40,000 fr., and in that of the Lodi Bank to 10,000 fr.</p>
Granted for longer periods than ordinary credits.	<p>(c) With regard to agricultural credits the banks may—</p> <ol style="list-style-type: none"> 1. Make advances on the security of agricultural produce. 2. Discount to landlords the amount of their rents, acquiring their rights in respect of them as against the tenants. 3. Make advances to farmers on the security of their stored produce, and crops whether standing or harvested, provided the landlord waives his rights in favour of the bank. <p>These transactions, as also any ordinary loans or discounts granted to persons engaged in agriculture, may be for a longer term than was stated above, but in no case for more than a year; and the amount of capital to be employed in such transactions should be determined each year.</p>
Advances upon security.	<p>(d) Advances upon security of bonds issued or guaranteed by the State, or of mortgages on land, may be made for an amount not exceeding four-fifths of the value of the securities.</p> <p>The advances must be for not more than six months, but this term may be extended.</p> <p>Should the value of the securities pledged depreciate 10 per cent. or more, the depositor must either refund a portion of the sum advanced or furnish additional security.</p>
Accounts current upon guarantee. Deposits in cash.	<p>Provision is also made for the sale of the securities in the event of failure to repay the advance.</p> <p>(e) Accounts current upon guarantee cannot exceed a definite sum, or be granted for a longer term than two years.</p> <p>(f) Cash deposits can be made withdrawable by means of cheques, pass books of savings, or interest-bearing bonds terminable at a fixed date.</p>
"Servizio di Cassa."	<p>The interest on the amount of deposits, whether of savings or in account current, in hand at the end of December each year, is added to the capital.</p> <p>(g) As regards "Servizio di Cassa," the People's banks undertake collections and payments in behalf of members without charge; and</p>

issue cheques and cash bills of exchange, for members or non-members, on payment of the charges and the ordinary amount of commission.

(h) Bonds and stocks, deeds or documents, and other valuables are Deposits for received for safe keeping upon payment of a commission. The banks safe keeping. also undertake to collect the interest on bonds, &c., in behalf of the depositors.

The recent rapid growth of the People's banks in Italy may be attributed partly to the advantages granted to them by the new Commercial Code,* which include the gratuitous publication of such of their acts as must by law be published, and exemption of their acts of incorporation, &c., from stamp and registration fees.†

But besides this they have received great encouragement from the principal institutions of credit in the country.

The chief banks of issue, especially the National Bank and the Bank of Naples, by encouraging the foundation of new co-operative banks, by nominating many of them as their correspondents, and by granting an abatement of 1 per cent. on the ordinary rates of interest charged in the market to those which comply with the regulations laid down on the subject for their guidance, have contributed greatly to this result.

In three years the number and value of the transactions effected by the Bank of Naples with People's banks at this reduced rate of interest amounted to—

Year.	Number of Transactions.	Value.	
		Fr.	c.
1888	7,581	4,249,348	20
1884	23,767	14,674,364	13
1885	104,990	151,124,038	50

On this subject two articles by Signor Luzzatti, published in the "Nuova Antologia" for February 1 and March 1, may be consulted.

Finally, in his report to the Association of People's Banks, Signor Luzzatti mentions as encouraging signs for the friends of co-operative banking in Italy—

1. The relations established between some of the banks and some of the principal working men's friendly and mutual aid societies.
2. The spread of popular credit, especially in Southern Italy.
3. The gradual lowering of the rate of interest and of the commissions demanded.

4. The increase in transactions of credit to agriculture, and the experiments made to facilitate special advances to farmers for important improvements.

The endeavours to provide social, educational, or recreative facilities for their members by means of circulating libraries, evening or Sunday classes or recreation clubs, are generally made in this country by friendly or mutual benefit societies rather than by co-operative associations.

The "Co-operation and Mutual Aid of Piedimonte d'Alife," near Capua, founded in 1884, professes to aim at the economical and moral improvement of the labourer, and the "Co-operative Society of Andezeno," founded in 1885, has for its object the promotion of instruction,

* See Code, Art. 221.

† See Code, Art. 228.

And Andezeno.

education, and mutual aid among its members, together with the establishment of a co-operative store; but these institutions, by their statutes, seem rather to belong to the class of friendly societies for providing relief in cases of illness than to regular co-operative associations, and do not seem to have taken any steps for carrying out their general provisions respecting education.

Co-operative building societies for improving workmen's dwellings. Methods of operation.

Co-operative associations for building improved artisans' dwellings, and letting or selling them to their own members, are fairly numerous in Italy.

In some of these the houses or apartments are drawn by lot when completed, the winner ceasing to belong to the society, the amount of his shares being accepted in part payment, and the balance being made up by monthly instalments, extending over a period of from 10 to 25 years.

In others the members desirous of hiring or purchasing the house must send in an application to the directors, and, in case of purchase, must pay down one-fourth at least of the yearly rent, and the remainder in monthly instalments, extending over a period of 10 years.

After payment of two-thirds of the price, the occupier may be recognised as owner, the society still keeping a lien on the property until completion of the payment.

A house or apartment taken merely on lease must be for the sole use of the member and his family, and cannot be sublet.

No information available as regards their results. Co-operation applied to agriculture.

In other respects the statutes of these societies resemble those of other co-operative enterprises, and owing to their recent introduction it is not possible to obtain any definite information as to their results.

Co-operative institutions connected with agriculture are of two kinds :—

1. Agricultural "People's Banks"—i.e., those of the banks which undertake operations of credit in favour of agriculture; and

2. Associations for carrying out some branch of agriculture or some occupation connected with it, by means of co-operation.

Agricultural People's banks. Banca Mutua Popolare Agricola of Lodi.

Of the banks, which are both numerous and flourishing, the most prominent is the "Banca Mutua Popolare Agricola di Lodi," founded in 1864 by the initiative of the local friendly or mutual aid society.

It originally confined its membership to the artisan class, though accepting among its clients and depositors labourers and small farmers or proprietors.

Number of agricultural members.

In 1869 and 1870 it established six branches and eight agencies in the district of Lodi; and on December 31, 1883, out of 5,735 members, 1,724 were small farmers and 125 peasant labourers, so that 32 per cent. of the members then belonged to the class of small agriculturists and labourers.

This class does not contribute largely to the deposits in the bank, for two-thirds of the agricultural population are day labourers for wages, one-third of whom are strangers to the district.

How assisted.

Those few who have dealings with the bank avail themselves of it principally to contract trust loans, to aid them in renting a small plot of ground for growing flax. The trust loans to labourers, farmers, and metayers in 1883 were 37·48 per cent. of the total number, and 23·66 per cent. of the total value of such loans advanced by the Lodi Bank in that year.

Agricultural co-operative societies properly so called.

Among the second class of agricultural co-operative associations, besides societies for the manufacture and sale of wine, and for similar objects, there are also co-operative dairies, and co-operative bakehouses for improving the quality of bread in those districts afflicted with pellagra.

Of these the most brilliantly successful have undoubtedly been the Co-operative co-operative dairies ("latterie sociali"). Wherever they have been introduced they have largely contributed to the improvement of the economic condition of small cattle breeders, and have given a notable impulse to agriculture, cattle breeding, and the manufacture of cheese, by extending the cultivation of artificially-irrigated meadows, by encouraging the improvement of breeds of milch cattle, and by introducing the use of more perfect machinery and implements, as well as more rational processes in the handling, manufacture, and preservation of dairy produce.

The exact number of these institutions cannot at present be accurately stated, but an inquiry into their condition is now proceeding. Their number and distribution.

From the data collected by the Ministry of Agriculture, Industry, and Commerce, their number is estimated at not less than 250, of which 65 are in Piedmont, 29 in Lombardy, 133 in Venetia, and a few scattered ones in various provinces of Emilia.

Thus it appears that their establishment has been found possible in all the provinces of Upper Italy in places where meadow land is available, where property is much divided, and where the rearing of cattle is practised in small herds.

The dairies are of two kinds. In the first, which is most common, the members are bound to furnish the milk of their cattle, except the amount required for the use of their families, for the manufacture and sale of the produce in common, while a small subscription in cash serves to provide for the general expenses of maintenance, purchase of implements, &c. Modes of working.

In the second kind, the general expenditure and the purchase of milk are provided for by means of shares.

In the former case the members receive their share of the profits at the end of the season, either in money or in kind; in the latter, the only service rendered by the society to the surrounding population consists in providing a ready market for their milk.

The Ministry of Agriculture has done much to promote the dairies of the former kind, by grants for the purchase of improved machinery and implements, for the building and fitting up of suitable dairies, and for laying out irrigation channels, as well as by opening yearly competitions, and instituting prizes for the best dairies; for those which have succeeded best in imitating foreign cheeses; for those which have best succeeded in combining neatness, improved processes of manufacture, and the use of machinery, with economy of time and fuel; for those which have succeeded best in the manufacture of butter; and for those which have best succeeded in utilising the substances left over from the manufacture. Some of these prizes are also open to private dairies. Endeavours of Government to promote their success.

By subsidies.
Prizes.

In 1885 these prizes were 16 in number—eight of 1,000 fr., four of 500 fr., and four of 200 fr.—besides six gratuities of 50 fr. each for the most deserving dairymen in the employ of the competing institutions.

The quantity of milk used varies in the different dairies, but some of them employ steam skimmers to remove the cream, and handle from 500 to 700 litres of milk, according to the season. The working time lasts from October to the end of May, when the cattle go into summer quarters in the mountains. Extent of their operations.

Some dairies also possess branch establishments for the summer, but these are few in number.

With a view to affording additional encouragement to the cheese industry, and inducing the dairy companies to provide themselves with skilled managers and workmen and complete apparatus, the Government "observatories of cheese-making."

ment in January, 1883, instituted observatories of cheese-making to be attached to those manufactories which, besides being in the most favourable condition as regards workmen, outfit, and cattle, shall have introduced improvements in the processes of manufacture.

Out of eight such observatories existing in 1885, no less than six were attached to co-operative dairies.

Government
classes for
training
dairymen.

Even before the establishment of the observatories, the Government had selected some of these dairies as stations for training young men in the business of making cheese. The pupils, appointed by the local agricultural committees, were maintained during the course of training at the expense of the Government.

Results.

The result has been to develop the system of co-operative dairies where it was already in existence, and to introduce it into some places where it was before unknown.

Co-operative
bakeries.

Another form of co-operation connected with agriculture is the institution of co-operative bakehouses, for the supply of wholesome bread to the labouring population in Lombardy and Venetia, with a view to checking the ravages of pellagra.

Origin of.

These bakehouses originated with the institution of one at Bernate Ticino, at the suggestion of the Rev. Rinaldo Anelli, the parish priest, for making bread of Indian corn meal mixed with rye meal. The members bring their grain to the association, which supplies them regularly in return with a corresponding quantity of bread, deduction being made of a sufficient quantity of grain to pay expenses.

Mode of
action.

In other co-operative bakeries different kinds of grain are used ; in some the shares are subscribed in money, and the price of the bread is fixed every week by the directors.

A report on pellagra, issued by the Ministry of Agriculture, Industry, and Commerce, publishes a list of about 40 of these establishments, stating the name of the place, date of foundation, quantity of bread baked daily, kinds of grain used, average price, and other particulars. ("Annali di Agricoltura: La Pellagra in Italia," pte. 2a, p. 168 and following.)

There are no co-operative arrangements in Italy for carrying on shipping, fishing, or other industries.

APPENDIX.

Extract from the Italian Code of Commerce (in force since January 1, 1883). Tit. IX. On Commercial Societies, &c. Cap. I., Section VII.

PROVISIONS with regard to Co-operative Societies.

"ARTICLE 219.

"Co-operative societies are subject to the provisions which regulate the class of society of which they assume the character, as defined in Article 76, with due regard to the following special provisions:"

(Note 1. Article 76 divides commercial societies into three classes:

1. "Società in nome collettivo," i.e., based on unlimited liability ;
2. "Società in accomandita," in which the liability of some members is unlimited, while that of others is limited to a fixed sum ;
3. "Società Anonime," in which the liability of each member is limited to the amount of capital subscribed by him.)

“ARTICLE 220.

“Co-operative societies must be constituted by a public deed.”

(*Note 2. I.e., a notarial act.*)

The deed of constitution, besides those particulars required, in compliance with Articles 88 and 89, according to the respective class of association to which the society belongs, must further state :

1. “The conditions of the admission of new members, and the manner in which and time when they are to contribute their subscriptions as members.

2. “The conditions required for the withdrawal and the expulsion of members.

3. “The formalities to be observed in summoning general meetings, and the public journals appointed for the publication of the acts of the society.”

(*Note 3. Articles 88 and 89 contain those particulars as to the name, seat, object, organisation, and administration of the associations mentioned in Note 1, which the Code requires to be stated in their respective constitutions or acts of incorporation.*)

“ARTICLE 221.

“Co-operative societies are invariably subject to the provisions affecting societies with limited liability (*‘Società Anonime’*), so far as regards the publication of their constitutions and of any subsequent amendments thereof, and also in respect to the duties and responsibility of their directors (*‘Amministratori’*). The publications in question are made without charge.”

(*Note 4. The regulations as to these publications are to be found in Articles 91, 92, 94, 95, and 96 of the Code. Those as to the duties of directors are contained in Articles 139 to 153.*)

“The directors must be elected from among the members, and may, by the Act of Constitution, be exempted from the obligation of depositing caution-money.

“Those provisions which relate to the general meetings, accounts, committees of control (*“sindaci”*), and liquidation of joint-stock associations (*“Società per Azioni”*), are equally applicable to co-operative societies, so far as the following articles or the Act of Constitution do not provide otherwise.

“The quality of ‘co-operative,’ as well as the kind of society, must be expressly stated in all the documents enumerated in Article 104.”

(*Note 5. I.e., in every contract entered into by the society, and in every deed, letter, publication, or notice referring to it.*)

“ARTICLE 222.

“The provisions of the first part of Article 131, and of the first paragraph of Article 146, do not apply to co-operative societies.”

(*Note 6. The portion of Article 131, here referred to, makes the subscription of the entire capital and the payment by every member of three-tenths of the portion subscribed by him an indispensable preliminary condition to the constitution of any society, and forbids the issue of any new shares before the old ones are entirely paid up.*)

The first paragraph of Article 146 requires the directors of a society, whenever they discover the capital to have diminished by one-third, to summon the members and ascertain whether they intend to make up the capital to its former amount, limit it to the amount remaining, or dissolve the society.)

"The Act of Constitution of these societies may omit to comply with the provisions of Article 144, and with those of section No. 3 in Article 165."

(*Note 7.* Article 144 precludes the directors of a society from purchasing its shares on the society's account without the authorisation of the general assembly of the members, and unless such purchase is effected by means of sums taken from profits regularly ascertained, and the shares in question are entirely paid up. It also states that in no case can the directors make any advance of money upon the shares.

Article 165, section No. 3, provides that the share certificates ("Titoli delle Azioni") shall state the amount of the society's capital, and the number and total value of its shares.)

"ARTICLE 223.

"The directors of co-operative societies must keep the register of members in accordance with the provisions of Article 140, and must further state therein:

1. "The date of the admission and that of the withdrawal or expulsion of every member.

2. "An account of the sums paid in and withdrawn by each member.

"They must present, at the end of every quarter, to the office of the tribunal of commerce, within whose jurisdiction the seat of the society is established, a statement of the members whose liability is unlimited, admitted into, withdrawn from, and remaining in the society in the course of the quarter, giving their names, surnames, and domiciles.

"This statement must be signed by the directors and kept by the clerk of the court, open to the free inspection of all comers."

(*Note 8.* Article 140 provides for the keeping of a register of members by the directors of all societies, in which shall be entered the payments made by them on account of the original capital subscribed by them, and of any subsequent increase of capital, as well as the declarations required by the law, in the event of the transfer of personal shares ("Azioni Nominative"), whether "inter vivos" or on the death of the owner.)

"ARTICLE 224.

"No person may hold in a co-operative society a larger proportion of capital ('quota sociale') than 5,000 fr., or a number of shares exceeding that amount in nominal value.

"The nominal value of each share may not exceed the sum of 100 fr.

"The shares are always personal ('nominative'), and may not be transferred until they are wholly paid up, nor without the transfer being authorised by the assembly (of members), or by the Board of Directors, according to the provisions of the constitution of the society."

"ARTICLE 225.

"Members may not be represented by proxy at the general meetings, except in cases of lawful impediment provided for in the act of incorporation or constitution of the society.

"Each member has but a single vote whatever the number of shares held by him.

"No proxy may represent at the same meeting more than one member besides his own interest, if he be himself a member."

" ARTICLE 226.

"The admission of new members is effected by their being entered in the register of members, either personally or through a special representative.

"Such entry must be authenticated by two members who are not directors.

"If the constitution of the society authorises members to withdraw from it, the declaration of withdrawal must be entered by the member withdrawing in the register of members, or notified to the society in due form through a sheriff's officer ('per alto d' usciere'). It shall only take effect at the end of the current year of the society, provided it be made before the beginning of the last quarter of that year. If made later, the member remains bound for the succeeding year.

"The expulsion of members can only take place for the reasons laid down by the law, or by the constitution of the society. It must be discussed either by a general meeting or by the Board of Directors, according to the provisions of the said constitution."

" ARTICLE 227.

"In regard to transactions concluded by the society previous to the day on which the withdrawal or expulsion of a member takes effect, or the day on which the transfer of shares is entered in the register, the departing member remains bound towards third parties for two years from the said day, within the limits of his liability as laid down in the act of incorporation."

" ARTICLE 228.

"The acts of incorporation of co-operative societies and the acts of withdrawal and admission of their members are exempted from the usual registration and stamp dues."

No. 5.

BELGIUM.

Lord Vivian to the Earl of Rosebery.

My Lord,

Brussels, May 29, 1886.

I HAVE the honour to enclose a report by Mr. Gosselin, Secretary to this Legation, on co-operation as practised in Belgium, containing answers to the questions on this subject, put in your Lordship's Circular Despatch of the 6th ultimo.

I am, &c.,
(Signed) VIVIAN.

Inclosure 1 in No. 5.

Report by Mr. Gosselin on Co-operation in Belgium.

INDUSTRIAL co-operative stores are very generally established in Industrial Belgium, having, as their main object, the wholesale purchase and co-operative retail sale at wholesale prices of the chief necessities of life to the stores. working classes, such as food, clothing, boots, linen, &c. Credit is not usually allowed: a certain portion, sometimes as much as 50 per cent. of the profits, is set aside to form a reserve fund, the remainder being shared amongst the members in proportion to the amount of their purchases. A member, on joining one of these societies, is bound to pay in either at once or by instalments a certain sum to the fund. Should he not have paid it up when the dividend is declared, his share of the profits is withheld, and goes to complete his contribution.

If a co-operative society has only a small capital, no store need be opened, but contracts are made with the local tradesmen, who in return Not necessary for the society's custom undertake to sell their goods at reduced prices a store. always to open to the members. The usual practice in such cases is for the members to buy their goods at the same price as the public, receiving at the The "ticket" time of purchase a ticket on which is noted the amount of their system. purchases: the owners bring their tickets at fixed periods to the committee of the society, and receive in exchange their share of the percentages allowed by the society's tradesmen, and paid direct by the latter into the common fund of the society. Such percentages rarely exceed 6 per cent.

Sometimes, as a substitute for this ticket-system, the societies The "token" distribute to their members counters or tokens, representing 5 fr., 2 fr., system. 50 c., 20 c., such tokens being of a different colour for each tradesman. For instance, a member who wants to buy meat obtains from his society a counter in exchange for his money, representing the cost of the meat he requires, which he receives from the society's butcher at the

ordinary rate, his purchase being entered in a special register kept by the butcher : at the end of each month the society's tradesmen receive from the committee the money equivalent of these tokens. Supposing that the butcher brings 100 fr. worth of tokens, and has agreed to allow a reduction of 10 per cent., the society pays him 90 fr., and the 10 fr. percentage go towards the society's general dividend fund.

Both these systems obtain in large cities, where the working classes are much scattered ; but provided the society has sufficient capital, and can open one or more branch dépôts, the store system is in the long run more advantageous to the members.

Co-operative
store at
Chapelle-lez-
Herlaimont.

The following information respecting the business done in 1884-1885 by the co-operative society of Chapelle-lez-Herlaimont (Mariemont district) may be taken as a sample of the working of these institutions in the Belgian mining districts :—

Articles.	Purchases.		Sales.	
	Fr.	c.	Fr.	c.
Goods sold by the ell ("aunages")	6,191	32	5,353	68
Groceries and haberdashery	15,497	93	16,606	29
Flour and bakery	39,789	60	45,012	92
Total	61,478	85	66,972	84

The amounts sold thus exceeding the amounts purchased by 5,493 fr. 99 c.

Bakery.

The bakery in connection with the society used 35,700 kilos. of flour and turned out 23,114 loaves, besides over 7,000 oatmeal loaves.

The society's working expenses were as follows :—

	Fr.	c.
Secretary's salary	523	55
Shopman's salary	1,046	66
Bakery and flour	2,469	25
Sundries	758	19
Total	4,797	65

Powder
Co-operative
Society
(Mariemont).

There is also a powder co-operative society for the Mariemont-Bascoup mining district, which last year sold 1,783 barrels of powder, or 44,596½ kilos., of the value of 57,975 fr. Since its establishment in 1870, this society has sold ordinary mining powder to the amount of 554,914 fr., not including dynamite, compressed powder, &c., for which there is also a certain demand.

Store at
Seraing iron-
works.

An admirably organised co-operative society is attached to the works of the Société Cockerill at Seraing, which supplies food, fuel, clothing, and other necessities of life to all the people employed at the ironworks, at as near cost price as possible.

Association
Co-operative
de consom-
mation de
Grivegnée.

The store at Grivegnée, a suburb of Liège, founded in 1866, is now one of the oldest and most prosperous of the co-operative stores. This society, which originally commenced work with 37 members, and a capital of 50L., now numbers 250 associates, and a capital of about 890L., with a reserve fund of over 6,000 fr. The store in its early days began by opening only between 6 and 9 p.m., and was served by the manager ; it is now open all day, and employs two paid salesmen : in 1867 six months net profits amounted to only 326 fr. 68 c. ; in 1875 they reached for the same period the respectable figure of over 8,700 fr.

The Antwerp Savings Bank Society is a co-operative association

which merits special mention. Shortly after its foundation in 1851, an *Société* appeal was made to the well-to-do classes of the town, asking them to *d'Epargne* join the society as honorary members, and to pay an annual subscription *d'Anvers pour* of at least 3 fr.; and the large commercial houses were further asked *l'Achat des* to contribute 1 per cent. on all sums realised by them at public auctions. *provisions* Both appeals were successful, and a large addition to the society's *d'hiver.* funds is the consequence.

The effective members (*i.e.*, the working classes) pay weekly a sum varying from 50 c. to 2 fr. These subscriptions are received each Sunday from the beginning of March to the end of September, in the presence of a member delegated for this purpose, who notes the amounts paid by each subscriber.

The capital derived from these subscriptions, from the contributions *Disposal of* of the honorary members, from the percentages on sales by public *capital.* auction, and from the interest received on all these sums, is invested at the beginning of the winter season in coals and potatoes. These are delivered gratis at the members' houses, at a price varying from 30 to 40 per cent. cheaper than if bought at the ordinary shops. The premises occupied by this society are provided free of cost by the municipal authorities.

The following table shows the progress made by the society since *Progress.* its foundation:—

Years.	Number of Effective Members.	Subscriptions of Members.				Relief Furnished.	
		Effective.		Honorary.		Potatoes.	Coals.
		Fr.	c.	Fr.	c.	Kilos.	Hectolitres.
1851	406	7,861	17	2,777	38	82,960	4,523½
1861	1,624	34,633	00	3,072	00	114,070	14,369½
1871	1,451	39,049	75	2,171	00	42,695	17,833
1881	2,106	52,228	25	1,137	95	25,380	31,186½
1885	1,053	29,242	00	1,252	00	7,760	18,834

The supply of potatoes has of late years steadily declined, it having *Relief in kind.* been found that the members preferred to receive their relief in coal.

As will be seen from the above table, last year's figures show a very considerable diminution on those of 1881, to be accounted for probably by the commercial distress which has recently prevailed throughout the country.

In no Belgian city has the co-operative principle attained a greater *Co-operation* development than in Ghent: almost every trade in Ghent has one or *amongst the* more friendly societies, the members of which, by paying a weekly *working* subscription of 5 or 10 c., receive medical aid and medicines gratis, *classes at* and a daily allowance in cases of sickness varying from 50 c. to 1 fr. *Ghent.* to make up for the loss of wages, and in the event of death are buried at the society's expense. There are, moreover, six co-operative bakeries *Vooruit* now started in the city, in addition to that of the Flemish *society at* Society, which is the centre of the working men's Socialist movement *Ghent.* in Belgium.

This powerful association counts on its rolls 2,700 heads of families, each of whom is bound to pay a trifling subscription annually to the general fund. The Vooruit is the type and model of all similar institutions in the other Belgian cities, is well administered, owns premises of *Vooruit* considerable extent, and has already attained a good financial position. *bakery.* Attached to it is an admirably organised steam bakery, which sells

bread at a somewhat lower price than the other bakers can afford to do, the society guaranteeing to the bakery a minimum profit of at least 10 c. the kilograme. The profits of the bakery are divided as follows:—A certain portion is paid into the society's own "caisse de prévoyance," or provident fund; another into a fund for the support of the working men in their economical struggles and strikes; a third portion is devoted to the formation of a library; and the remainder is divided amongst the members, who receive the profits in kind—that is to say, in loaves delivered gratis, according to the margin of profit left to be distributed. This division of profits is made twice annually; at the new year, and at the summer "kermesse" fair.

In June 1885 the profits amounted to 43,738 fr. 20 c.; in December last to 46,233 fr. 80 c. This bakehouse may be regarded as the main-spring of the whole Vooruit organisation.

Vooruit clothing store. The society has also started on its own premises a clothing store, where the members can obtain at the lowest wholesale prices clothing for themselves and their families; credit is allowed conditionally, and the men may pay for their clothing by the profits due to them out of the bakery.

Vooruit pharmacy. A co-operative pharmacy has also been started, open to the outside public as well as to members, which has succeeded so well that a second has just been opened, and a third will shortly be in working order. The setting up of the first pharmacy cost 8,052 fr. 27 c., entirely covered by advances of 2 fr. 50 c. from the members; this loan has already been entirely paid off out of the pharmacy's first profits.

Vooruit newspapers. The Vooruit has also founded on co-operative principles two newspapers—a daily paper, the "Vooruit," which is sold at the low price of 2 c., and has already a circulation of 7,000 copies; the other a weekly paper sold at the same price. Since April last both these newspapers have been printed by the society's private press.

The Vooruit Society intend in fact to push the principle of co-operation to its extreme limits, and has already very seriously crippled the small retail dealers, who formerly enjoyed the custom of the Ghent workmen.

Co-operative workshops. Co-operative workshops have not had hitherto much success in Belgium; they are unknown at Liège and Antwerp, and in the Mariemont and Bascoup mining districts; a few exist in the Mons district, but they do not do much business. The Vooruit and all the Ghent societies have been established by the working classes alone, all attempts to found such associations on the invitation or with the assistance of the employers having failed. This is probably due in great part to the action of the Belgian Socialists, who maintain that the working classes can only rely on themselves to obtain their rights and improve their condition, and that these societies must therefore consist exclusively of working men. The last Socialist programme lays down that "the enfranchisement of labour should be the work of the working classes themselves: since the other classes of society cannot seriously help on this object, the working men's party should always work separately."

General commercial prosperity of co-operative societies. The co-operative societies, especially the bakeries, have generally prospered commercially. They may have an indirect influence on strikes by helping the workmen when on strike, and by providing them cheaply with the necessaries of life, but they do not directly, or at all events openly, interfere in disputes between capital and labour.

The Flemish Vooruit Society is an exception to this rule; their co-operative establishment is avowedly but a means to promote the realisation of the programme of the Socialist party, as laid down by

the Antwerp Congress of last year; and it proposes to provide powerful machinery for supporting labour in its disputes with capital, and for organising and directing strikes throughout Belgium.

Co-operation took root in Belgium later than in England, Germany, and France, the first co-operative society being the People's Bank at Liège, founded in 1864; once started, the banking system soon found ready disciples, and in 10 years time of the 34 co-operative societies then existing no less than 20 were popular banks. They are of great service, not only to the labouring classes, but to the small tradesmen and farmers, who are helped by them to carry on their business. These banks are founded on the following general principles:—

(a) The admission of new and the resignation of old members without any necessity for renewing the terms of partnership. People's banks.
Principles of banks.

(b) As a consequence of the above there is no restriction on the society's capital and administration.

(c) Assistance and loans granted by the banks are limited to their members.

(d) As an essential condition of membership, the associates must put aside some savings, no matter how small they may be; as a general rule the obligatory subscriptions vary from 100 to 300 fr., which can be paid down on joining the bank, or in weekly or monthly instalments.

(e) Lastly, the unlimited liability of all the associates for all obligations contracted by their bank during and previous to their membership. This principle of unlimited liability is not, however, universal; the responsibility of members is often limited to double, four, ten, or twenty times their share in the capital invested, and even in some instances to the amount of that share. The Belgian law of 1873, which gives corporate rights to co-operative societies, leaves the individual liability of members an open question. The risk to the People's banks of such limited liability has been often pointed out; some worked on this principle have succeeded in getting support from the National Bank, but only in cases where the solvency of the People's Bank is sufficiently guaranteed by the patronage of men of wealth and position. Should these patrons die or resign, the banks which had hitherto traded on their credit might find themselves in difficulties.

The amount of good done by these banks in various ways is very great. Should an artisan want to buy or repair his tools, he can obtain from the bank a loan for the purpose, and buy them for ready money, and at his own choice and price; if by thrift and economy he repays the loan, his bank is ready to advance him larger sums, varying from 120% to 200%, to assist him in improving his position; nor is it only in their business affairs that the workmen receive help from the banks. To cite only a few instances: should he want a marriage outfit he can get it from his bank: if his son is drawn for military service, his bank advances him the money required to buy a substitute. The amount which each member may borrow is however limited, and in proportion to the amount of his investments; generally the limit is fixed at twice the amount of the latter. Good effect
of the People's
banks.

The following is an analysis of the statutes of the People's Bank at Liège, one of the oldest and most flourishing of these institutions. Banque popu-
laire de Liège
Société Co-
opérative:
analysis of
statutes.

As explained in Article I., the object of the bank is to procure by its collective credit the capital needed for the industrial, commercial, and domestic wants of the members. The capital of the Liège Bank is obtained from the following sources:—

Capital obtained from five sources.

(1.) From an entrance fee of 3 fr., which go to form a reserve fund, the exclusive property of the association. (In the event of the bank being wound up, this reserve fund would be divided equally amongst the members.)

(2.) From shares taken up by each member of 200 fr., to be paid either at once, or by monthly instalments of 2 fr., or by weekly instalments of 50 c. The members are not allowed to take more than this share, in order that there may be an absolute equality of interest, rights, and liability amongst all members.*

Until the 200 fr. share is paid up the member receives no dividend, but the amount he would otherwise have received is entered to his account, and reduces *pro tanto* the balance of the 200 fr. still owing. These shares remain the absolute property of the members, and cannot be alienated.

(3.) From the members' savings.

(4.) From investments of the outside public.

(5.) From loans raised by the bank, for which all members are jointly liable, and the maximum amount of which must be fixed by the general assembly. As a general rule, this maximum may not exceed half the bank's capital.

In addition to the entrance fees, a portion of the bank's annual profits is also paid in to the reserve fund, the amount so withdrawn to be fixed each year by the general assembly, but it cannot be less than one-twentieth of the net profits. This payment from the profits ceases to be obligatory when the reserve fund equals the tenth part of the bank's capital.

Administration of bank.

The affairs of the bank are administered:—

(a) By an executive committee composed of the president and a salaried manager and treasurer,† who are charged with carrying out the resolutions of the council and of the general assembly.

(b) By an administrative council meeting once a week, elected by the general assembly, and empowered to admit or reject candidates, to appoint the executive committee, to contract loans, to make advances to members, and generally to manage all the society's business.

(c) By a committee of supervision, having unlimited control over the financial operations of the bank, which is also named by the general assembly.

(d) By the general assembly, which meets at least twice a year to examine accounts, and has supreme control over all the business done by the bank. The action of the assembly may be said to be the direct application of the principle of universal suffrage to the control of financial matters.

Regulations as to membership.

Candidates for admission into the society must present themselves at least eight days beforehand to the administrative council, in order that inquiries may be made into their antecedents. A member may be expelled by the general assembly if his subscription is three months in arrear, or if it has been needful to summon him before the tribunals for non-payment of loans, or if any serious offence has been proved against him. On the other hand, a member may leave the bank at pleasure, after giving due notice in writing: should a member be expelled or resign, he is none the less held personally responsible

Liability of members' loans.

* This restriction is not universal: the Tournai Bank, for instance, allows its members to subscribe for several shares; but this system is liable to abuse, and is hardly in harmony with the democratic spirit governing People's banks.

† This committee of the Liège Bank is now assisted by paid clerks, on account of the great extension of its business.

within the limits of the conditions he subscribed on entry (4,000 fr. at Liège), during a term of five years from the date of his expulsion or resignation, for all the engagements binding at that time on the bank.

Loans can only be made to members, and under certain conditions and guarantees: they cannot be less than 10 fr., nor exceed 4,000 fr.; they are made for three months at most, but this period can be prolonged by the council. To obtain a loan a member must—

(1.) Give the council proof of his solvency.

(2.) Show that he has paid up any previous advance, without calling on his surety.

(3.) He must have belonged to the bank for at least one month.

Advances may be made unconditionally to the amount of the members' shares in the bank: the executive committee may make further advances, not exceeding twice the applicant's capital; and still larger sums may be advanced, if the applicant can find sureties for the amount.

The success of the People's Bank at Liège has been most remarkable: Success of the Liège Bank. starting with but 67 members, in a small room in a back court, it enrolled in 11 years over 2,000 members, and advanced 14,000,000 fr., of which total only about 6,500 fr. were lost. During these 11 years over 106,000 fr. were distributed in dividends, and a reserve fund of 19,000 fr. was created.

The Antwerp People's Bank has also proved very successful: the Antwerp administrative council is composed of some of the city merchants, and of one workmen's member, elected by his fellow members, with a consultative but not a voting right on all questions submitted to the council. All candidates for admission must bear a good moral character, and secure three-fourths of the votes of the electing council. Members can obtain loans of sums not exceeding a maximum of 30,000 fr., to be repaid in three months' time, or after a longer period by special consent, in each case, of the council.

The first congress of the People's banks was held at Liège in 1869, since when meetings have been annually held in one or other of the chief towns of the kingdom: out of these congresses has grown the "Fédération des Banques populaires Belges," with its headquarters in Brussels, and under the administration of a permanent committee, on which all the popular banks are represented. The object of this federation is to maintain the unity of all the co-operative banks during the intervals between each congress.

In the programme and statutes of the Socialist party, as revised last year at Antwerp, recreation is expressly mentioned as forming one of the objects to which the funds of the local societies could legitimately be applied; and the formation of musical societies, both vocal and instrumental, is expressly recommended; always provided that the "Caisses de resistance," or strike funds, have the first claim on the financial resources of each society.

Co-operative associations for providing social, educational, and recreative facilities for the workmen exist in many parts of the country: there are musical, dramatic, literary, gymnastic, and fencing societies, all supported by the subscriptions of honorary and effective members, and by the net proceeds of the entertainments organised by these members. In Ghent much has been done to forward this aim, and considerable assistance is rendered, there and elsewhere, by the schools administration, by placing the school buildings, when not wanted by the children, at the society's disposition, for purposes of recreation and study. The members of such societies save up money, which is devoted to organising annual excursions, with the assistance of the communal authorities, of private benefactors, or of other charitable

societies. The Vooruit Society has done more than any other in this direction. Out of part of the profits derived from its co-operative bakery, clothing store, and pharmacy, it has created a musical class, a theatrical society, recreation rooms, and a library, all on the society's own premises. There is also a restaurant, where no spirits are allowed; only beer, coffee, and milk being sold. The consumption of beer is considerable, bringing in a large balance to the society's general fund. The library and reading rooms have been erected by means of a weekly payment from each member of 1 c. The library now consists of 700 novels, 100 histories, and 400 scientific works—1,200 volumes in all.

All these various recreative branches of the co-operative society are managed by the working men themselves, who receive a small gratuity for their services.

Recreative
societies at
Antwerp.

At Antwerp there are three self-supporting associations for the recreation of the workpeople.

(1.) The "Mertensvereniging," presided over by the mayor, and consisting of 1,200 members: it is divided into several sections, such as literary, dramatic, choral, and orchestral classes, and provides the members during the winter season with a weekly entertainment, musical, theatrical, or literary, as the case may be. Honorary members subscribe 12 fr. a year; effective members 6 fr. This society has also a lending library.

(2.) The society known as "Nut-en-Vermaak," established in one of the communal schools, and consisting only of the old members of that particular school. It receives an annual subsidy from the city of 1,000 fr., and has classes for the study of music, acting, gymnastics, and Flemish literature.

(3.) A third society has recently been established, which counts as yet but 100 members; it receives no subsidy, but is allowed by the city authorities the free use of one of the communal schools.

Efforts of
private firms
to educate and
amuse their
hands.

Some Belgian firms have done a great deal towards the instruction and amusement of their workpeople. Messrs. Naeyer and Co., of Willebroeck, near Boom, manufacturers of paper and of non-explosive tubular boilers, have established, in connection with their works, schools and a musical society; and on Sundays the large garden of the establishment is thrown open to the hands employed, who, with their wives and children, have the free run of the place, and the benefit of an orchestral concert paid for by the firm. The same is the case in Messrs. Remy and Co.'s manufactory at Wygmael, near Louvain.

Efforts made
to provide
improved
dwellings
for the
artisans.

In certain parts of Belgium efforts have been made, from time to time, to provide improved dwellings for the working classes, but with very partial success, the pay of the workpeople being, generally speaking, too low to enable them to profit by such assistance. At Ghent some years ago plans were prepared for building artisans' dwellings, which were to become the property of the tenants after a fixed number of annual payments, but the scheme eventually fell through. The Ghent workmen's quarters are usually built in large blocks, incapable of subdivision; they are well built and mostly new rents varying from 1 fr. 50 c. to 3 fr. a week.

At Ghent.

At Antwerp.

At Antwerp there is a society ("de maisons ouvrières") which has built a great many workmen's dwellings in the northern quarter of the city, and has paid special attention to sanitation. The charitable society ("Bureau de bienfaisance") has also constructed 150 dwellings in the northern and 85 in the southern districts of Antwerp; they are well built, comfortable, and salubrious, let at rents varying from 5 to 8 fr. a week: these lodgings are all much sought after, and lists are

kept, on which intending tenants can inscribe their names, for the vacancies as they occur.

None of the above undertakings, however, are carried on by means of co-operation: there are no co-operative land and building societies as in England, and all that has been done to improve the homes of artisans is due to private enterprise and speculation.

On the other hand, the People's Bank do all they can to help any provident workmen who desire either to buy the homes occupied by them, or to build new dwellings, and offer special facilities to enable their clients to raise the necessary capital, to be paid back in periodical instalments.

Very little has been done in the way of introducing the system of Co-operation into the agricultural districts of the country. There is a movement, supported by the Ghent agricultural paper, "De Akkerbouw," for establishing syndicates of agriculturists and farmers, inhabitants of the same districts, for the purchase, on co-operative principles, of manures, flax, and seeds, &c., and several such associations have been lately formed; but it is too soon yet to know whether they will succeed.

The most successful association of the kind is the Agricultural Society of Roulers: members have to subscribe 50 fr., and pay in addition an entrance fee of 10 fr.; the minimum capital is 15,000 fr. (600*l.*). Members have to pay for their purchases within eight days; non-members are also supplied for ready money payments; the net profits are divided as follows:—

40 per cent. to members and non-members according to the amount of their several purchases.

40 per cent. to members only, according to the amount of their purchases.

15 per cent. to the reserve fund.

5 per cent. to the committee's and secretary's salaries.

The Socialist leaders are fully alive to the importance of organising co-operative associations amongst the peasantry, as appears from the following extract from the Antwerp programme:—

"In order to obtain a speedy solution of the social question, our party desires to form Socialist productive societies, with or without State help, and under the control of a special committee of workmen. These associations are created for industry and for agriculture."

No societies exist in Belgium for the purchase and common use of agricultural machines.

The fishing trade of Belgium may be said to have been created since the Revolution of 1830; before that time the fisheries were entirely worked by the Dutch. During the War of Independence, the supply of fish from the northern provinces ceased, and the town of Antwerp fitted out small boats (such as are still to be seen at Blankenberghe, Nieuport, and other sea-side villages) for fishing in the Scheldt, and off the mouth of that river. The crew of these boats consisted generally of the master (often also the owner of the boat), a sailor, and a cabin boy. The profits of each fishing expedition were divided into 10 parts, distributed as follows:—

Four parts to the master, three parts to the sailor, one part to the boy, and two parts for repair and maintenance of the boat and gear, and for the purchase of provisions.

In 1833 larger boats were built, fitted with wells for keeping the fish alive; and the Antwerp sailors visited the neighbouring Dutch ports, and bought there the deep-sea fish caught by their more venturesome Dutch neighbours.

Since 1875 first-class fishing schooners, fitted with large fish wells, and with every appliance for keeping fish frozen for several weeks have been started, but they have not been a commercial success; and it is fully expected that the Antwerp deep-sea fishery, for reasons which is not necessary here to touch upon, will soon be a thing of the past.

The profits, if any, are divided as follows:—

The owner first receives 8 per cent. of the gross profits.

The remainder are divided in the following proportions:

72 shares to the owner, 14 shares to the master, 12 shares to each of the eight sailors, and to the boys according to their capabilities, equal to 192 shares in all.*

At Ghent there are a few lightermen's associations, for loading and unloading ships, and for transporting merchandise. One, called the "Stukwerkers," has been long in existence, and has a regular fixed tariff and a common fund.

Outside of the associations referred to above, not much has been done in the way of co-operation in Belgium. In Brussels, however, there are three co-operative productive societies—"L'Imprimerie Bruxelloise," "L'Association des Batisseurs," and "L'Association des Portefeuellistes." The printing association, the result of a strike in 1870, was definitely founded in 1874, and in the following year numbered 50 members. The minimum capital was fixed at 5,000 fr., and is formed by a weekly subscription of 50 c. from the members. Candidates for election must (1) submit their names to the general assembly, and obtain two-thirds of the vote of the members present; (2) pay an entrance fee of 5 fr., and fulfil the statutory obligations. All members are bound to give their labour and help to the society; only in urgent cases may outside assistance be asked for. The society is administered by a council of seven, and by a manager, all elected by the general assembly. The net profits are divided as follows:—40 per cent. towards increase of plant, 10 per cent. to the reserve fund, and 50 per cent. to members *pro rata* according to their subscriptions.

Associations
d'Alimenta-
tion.

There is also another class of co-operative societies, offshoots of the "Sociétés de Consommation," known as "Associations d'Alimentation," or workmen's kitchens, for providing food to be consumed on or off the premises. No housewife can rival these societies in providing good cheap food. A workman can obtain the following excellent dinner for 5½d., or any part of it at the prices stated for each dish:—

				Fr.
* Supposing, e.g., that the schooner's voyage produces..	..	..	..	4,000
8 per cent. of the owner's gross profits would equal ..	..	..	..	320
For provisions, nets, &c. .. .. .	..	..	..	1,200
				<hr/>
Leaving to be divided into 192 shares..	..	..	..	2,480
				<hr/>
		Fr.	c.	
The master's 14 shares .. .. .	..	180	85	
The eight sailors' (12 shares each) ..	..	1,239	95	
Three cabin boys .. .. .	..	129	20	
		<hr/>	<hr/>	
		1,550	00	
		<hr/>	<hr/>	
The owner's 72 shares, at 12·917 per share .. .. .	..	..	..	1,550
				930
				<hr/>
				2,480

	Centimes.
Soup	10
Vegetables	10
Meat (one portion)	20
Bread	5
Glass of beer	5
Cup of coffee	5
Total	55

Price of a
workman's
meal 51d.

served on tables provided with salt, pepper, vinegar, mustard, water, glasses, plates, knives, forks, and spoons.

The following staff is generally employed :—

Staff.

Staff.	Salary per Month	Monthly Expenditure.
	Francs.	Francs.
One director	100	100
One treasurer.. .. .	50	50
One chief cook	50	50
Three women helps	35	105
Four scullions	30	120
Total .. .. .	..	425

or 177. a month.

The net profits of the Brussels "Société d'Alimentation des Ateliers Réunis" are divided as follows :—20 per cent. to the administrative council (consisting of 50 shareholders, elected by the general assembly), 10 per cent. to the director, 10 per cent. to the other members of the staff, 30 per cent. to the shareholders, and the surplus to the reserve and sinking fund.

Lastly, a co-operative association has this year been formed in Brussels by the employés of the Belgian post and telegraph department, and of the bridges and roads administration, entitled "Caisse de Prêts et de Cautionnement," for advancing loans and giving pecuniary assistance to those requiring help. Each member pays an entrance fee of 3 fr., and a minimum monthly subscription of 2 fr. When he has thus paid 200 fr. further subscriptions are no longer obligatory, and no member is allowed to have more than 500 fr. (20%) in the fund.

Co-operative
association of
Belgian post,
telegraph,
and highway
employés,
1886.

To obtain a loan, an applicant must (1) bring sureties for the sum advanced; (2) have always repaid previous loans without assistance from his sureties; (3) have been a member of the association for at least three months. The amount of the loans advanced depends on the financial condition of the society, and can only be decided by the managing committee—1,000 fr. being the maximum and 20 fr. the minimum of such loans.

The society does not supply goods itself, but arranges with certain business houses to furnish its members with goods at reduced prices.

Members of the departments in question who do not belong to the society may also enjoy the benefit of dealing with the society's tradesmen at the reduced tariff—without, of course, sharing in the annual dividend.

The usual regulations have been made for the yearly division of profits and dividends amongst the members.

With regard to the legal position of co-operative societies in this country, they exist in virtue of the right of association guaranteed to

Freedom of
Co-operative
Societies from
State control.

all Belgians by Article XX. of the Constitution; they may, if they chose, obtain co-operative rights by placing themselves under the provisions of the law of May 18, 1873, but created by private initiative, they are entirely free from State control and are subject to no interference on the part of the authorities.

Government
intend to
prepare
statistics on
spread of co-
operative
movement.

Hitherto no official returns have been published showing the progress of co-operation throughout the kingdom, but the present Government have recently reorganised an industrial department in the Ministry of Agriculture, which, without infringing on the freedom of the societies, will furnish precise statistics respecting all co-operative institutions.

The Labour Commission now sitting in Brussels intends to enquire into this question, and their report will be published as soon as possible

MARTIN GOSSELIN.

Brussels, May 29, 1886.

Agricultural
Co-operative
Society at
Perck.

P.S.—Since writing the above, I have been furnished with a copy of the statutes of the Agricultural Society of Perck, near Vilvorde, founded in February last, in order “to procure for all members, and for the tenants holding under the foundation members (provided such tenants live outside a 10 kilom. radius from the village of Perck), agricultural instructions, as well as manures, seeds, agricultural machines, and cattle-fodder at the lowest possible price.”

Foundation members, who pay a subscription of 500 fr. (20*l.*), have, besides the above privilege, the right to require the manager of the Society to give lectures to their tenants, on the best means of employing the products purchased from the society,

Effective members if owners of one cart horse, pay 2 fr. annually; of two such horses, 10 fr.; and of more than two, 20 fr.

The minimum capital of the Society is fixed at 7,000 fr. (280*l.*), subscribed by the manager and administrators, who started the Society, to which will be added the subscriptions of all future foundation and effective members.

The profits realised, after paying the salary of the manager and other expenses, will be divided as follows:—5 per cent. to the manager; 10 per cent. to the administrators; 5 per cent. to the agricultural library; 10 per cent. to the reserve fund; and 70 per cent. to the members, both foundation and effective, *pro rata*, according to the sum subscribed by each.

The Society is administered by a council, and presided over by a manager, who is charged with correspondence, buying and selling, mixing of manures, formation of library, and all financial matters connected with the Society. During his term of office, he may not be either directly or indirectly associated with any other similar society. His duty is to advise on agricultural questions. He must deliver at least two lectures a year in the Society's meeting room.

A general assembly of the members of the Society must be held annually in February, at which the number of each member's votes is in proportion to his stake in the Society, one vote being allotted for every 50 fr. subscription; no single member can, however, possess more than 40 votes. Subscriptions of less than 50 fr. do not entitle a member to vote.

The general assembly has to pass the Society's accounts, previously examined by the two largest subscribers, chosen outside the Council of Administration.

M. G.

No. 6.

NETHERLANDS.

Mr. Stuart to the Earl of Rosebery.

My Lord.

The Hague, May 6, 1886.

MR. ROBINSON, Her Majesty's Consul at Amsterdam, happened to call upon me shortly after I received your Lordship's despatch of the 6th ultimo; and as I knew him to be well acquainted with the general industrial condition of this country, and therefore to be peculiarly qualified to procure information respecting co-operation, I requested him to draw up a report in answer to your Lordship's questions upon that subject.

I have now the honour to forward a copy of his report, which will, I trust, be found to meet the requirements of the case.

I have, &c.,

(Signed) W. STUART.

Inclosure 3 in No. 6.

Consul Robinson to Mr. Stuart.

Sir,

British Consulate, Amsterdam, May 5, 1886.

I HAVE the honour to submit to your Excellency the following answers to the inquiries which I have made as to the existence and practice of co-operation among the working classes of this country.

I beg to premise these answers with the remark that they are necessarily meagre, since the principle of co-operation has not up to the present made any great progress in this country. The number of co-operative stores, co-operative savings and loan societies, building associations, &c., in the whole of Holland is as yet a comparatively small one; nor does there appear to be any very noteworthy difference in the mode of management from those of similar institutions elsewhere.

With the exception of the cotton manufacturing districts in the provinces of Drenthe and Overijssel, there are no great industrial centres in Holland, and although there is a considerable amount of manufacturing industry in the country, it is too scattered to favour the formation of co-operative institutions: besides which the Southern Catholic provinces of Brabant and Limburg appear up to the present totally inaccessible to any such efforts, which are not encouraged by the clergy.

The "General Workman's Union" of Holland does not number more than 4,000 members, and the efforts made to form regular trades unions have as yet been attended with but partial success.

Question I.—As far as my inquiries show, there are not more than a dozen workmen's co-operative stores in the whole country, none of them being of any great importance. The basis on which they are established does not differ, as far as I can learn, in any material point from similar institutions elsewhere. As far as their success is concerned, it should

be borne in mind that their operations are comparatively restricted, but there is no doubt that they have been of great advantage to the workmen wherever they have been established. Messrs. Scholten and Son, of Enschede, write me: "Our Co-operative Stores, which have been set on foot by the workmen themselves, work excellently, and supply exceedingly cheap wares."

Netherlands
Yeast and
Spirit Manu-
factory of
Delft.

Question 11a.—The only instances of this description known to me are the following:—That of the "Netherlands Yeast and Spirit Manufactory of Delft," belonging to Mr. J. C. van Marken, jun. A full description of his system has been published by Mr. van Marken in his brochure "La question ouvrière," a copy of which I cannot forward, as it is out of print. The principles on which Mr. van Marken's establishment, which is quite a model one in its way, is conducted, are the following:—

Premiums to the workmen on collective earnings in proportion to the quantities of yeast and spirits produced above a fixed minimum, and on saving in coals, materials, and labour.

Participation in profits by employés and workmen to the extent of 10 per cent. each year.

Option of taking a share (minimum 10 fl., or 16s. 8d.) in the capital of the company.

Formation of capital by employés and workmen.

The following institutions form a part of Mr. van Marken's enterprise:—

Sick fund.

Insurance against accidents.

„ of pensions at the age of 60.

Life insurance in case of death of husband

Fire insurance.

Voluntary savings bank.

Compulsory savings bank (contributions in proportion to the age and to the number of the families of married workmen).

Co-operative bakery stores.

Co-operative dwelling houses.

Villa, park, billiard and reading rooms.

Theatre, band and choir.

Library.

Festivals, scientific and literary readings.

Newspaper.

Schools (ordinary and technical).

Mr. van Marken paid in wages in 1883 119,400 fl., or nearly 10,000*l.*, and his workmen's premiums in that year were 40,200 fl., or about 3,300*l.* The invested savings of his workmen amounted on December 31, 1883, to 28,675 fl. 96 c., or about 2,400*l.* The workmen's interests are looked after by a committee consisting of the directors, the foremen, and the elected delegates of workmen from all departments: one delegate for every ten workmen voting by secret ballot.

The principle of premiums has also been adopted by the well-known engine works of Messrs. Stork Brothers, of Hengelo.

Question 11b.—In the above instances the results have been fairly satisfactory, and I have not heard of any dispute having ever arisen between masters and workmen; but these experiments are not on a large scale, and the commercial depression of the last few years has not favoured the investment of capital by the workmen in the manufactories in which they are employed.

Question 11c.—The principles of partition in these cases are given above.

Besides the few workmen's savings banks which exist in Holland, Workmen's in establishments like that above described, there are one or two savings banks co-operative loan societies; such, for instance, as the "Co-operative Savings and Loan Bank of Enschedé," formed originally in 1877 by some of the manufacturers of that town. The capital of this bank is formed by

The shares of its members.
Reserve funds.
Loans.
Funds of the savings bank.

Every workman can become a member on engaging to pay a mini- Liability of mum contribution of 10*d.* per month. These payments are placed to the members. credit of the member, until they reach a total of 75 fl. (6*l.* 5*s.*). The member is only responsible as far as the amount of his share.

The payments remain credited to each member, but can only be withdrawn to the extent to which they exceed the above sum of 75 fl. Members can cease to be such either by giving due notice, or by letting their monthly payments get more than two months into arrear: in which case the amount already paid becomes the property of the bank; or by non-repayment of advances, or by death. In case a member gives notice of withdrawal, the amount at his credit is paid over to him in cash one month after such notice has been given.

The shares are not transferable, nor is any pledging or mortgage of the same binding in any way upon the bank.

Losses of the bank not covered by the reserve fund are debited to the members in proportion to the amount of their shares. The managing body consists of a director, who need not be a member, and of five commissaries, chosen for five years, by secret ballot, in the general meeting, one of which commissaries retires yearly: a retiring commissary cannot be re-elected at once. Meetings of this board are held monthly. The director's cash balance in hand may never exceed 25*l.*, the surplus to be deposited as directed by the board. Profits divided as follows:—

First	4 per cent.	to the members, and	
50	"	of any surplus to the members as super-divided.	
10	"	"	reserve.
15	"	"	commissaries.
25	"	"	director.

Persons desiring a loan must state the object for which such is Loans. required. No loans given to sellers of drink. Should the loan be not applied to the purpose stated, it is recoverable at once. The commissaries decide irresponsibly as to granting or refusing loans.

The borrower must find two guarantees. The period for which the Securities. loan is granted is to be for ten weeks, or a multiple of this period. The interest, 1 per cent. for ten weeks, is deducted from the advance. The loan is repayable in weekly instalments: unpunctuality is punishable with a fine of 10 per cent. on the unpaid portion of the loan, which fine must be paid with the next instalment.

In case arrears occur three times, the loan becomes at once Penalty for recoverable, together with the fines. In case of sickness, death, or arrears. other sufficient cause, the board can quit the fines. Repayments in advance are encouraged by the diminution of the interest by from 33 per cent. to 50 per cent. Deposits in the savings banks may not be less than 2*d.* at a time, and must not exceed 1,000 fl. (83*l.* 6*s.* 8*d.*) in all for each depositor. As soon as the deposits reach 1 fl. (1*s.* 8*d.*), interest

begins to accrue at the rate of 4 per cent. for shareholders in the loan bank, and $3\frac{1}{2}$ per cent. for others. One month's notice required for the withdrawal of sums above 25 fl. (2*l.* 1*s.* 8*d.*); smaller amounts repaid once per week. The balance sheet of December 31, 1885, was as follows:—

ASSETS.							
				Fl.	c.		
Loans .. .. .	..	..	..	10,918	27		
Less for loss in interest ..	..	..	..	327	55	Fl.	c.
						10,590	72
Stark and Co. ....	..	..	..	..	..	12,000	00
Town Council of Enschedé	..	..	..	..	..	20,000	00
Cash .. .. .	..	..	..	..	..	156	42
Total .. .. .	..	..	..	..	..	42,747	14

LIABILITIES							
						Fl.	c.
Members' shares .. .. .	..	..	..	..	..	4,825	87
Savings deposited .. .. .	..	..	..	..	..	38,132	18
Reserve .. .. .	..	..	..	..	..	117	09
Profit .. .. .	..	..	..	..	..	172	00
Total .. .. .	..	..	..	..	..	42,747	14

Amsterdam
Loan Bank.

A similar institution (the Amsterdam Loan Bank), which is managed on the same principle, exists in this city, but its transactions are not as yet extensive.

Philanthropi-
cal institu-
tions.

Questions IV. and V.—There is an immense number of philanthropical institutions for the benefit of the working classes, and Holland takes a very high place in this respect, but I have not been able to ascertain the existence of any purely co-operative workmen's societies for these purposes on a self-supporting basis.

Building
societies.

In Amsterdam and Leeuwarden there exist workmen's co-operative societies of this nature: purely self-supporting. The Amsterdam society ("Building Society for the provision of workmen's dwellings") has been very successful of late years. It was at first established on purely socialistic principles, the formation of capital forming no part of the scheme; but it very soon got into difficulties, and was obliged to adopt the economic principles which it had begun by rejecting. The contributions of the members are fixed at a minimum of 2*d.* per week, or 5 fl. (8*s.* 4*d.*) per annum. The capital for building purposes is raised by mortgage loans, and the municipality has assisted the society as far as possible, in placing cheap and suitably situated land at its disposal. The right to acquire a dwelling is distributed by lot among the members, and the rent paid includes the amortisation of the property. Three per cent. interest is paid on all the deposits. In case of the death of a member, his widow or heir can withdraw the deposit, but in no other case is the withdrawal permitted, and the renunciation of membership involves forfeiture to the society of the amount deposited. The houses are let in flats, and the rent of two good rooms and a kitchen is fixed at 2 fl. 20 c., or 3*s.* 8*d.* per week: a comparatively high figure, but it must be borne in mind that building is exceedingly expensive in this city.

The society has already constructed about 70 houses of three dwellings each, and is steadily progressing. The results in Leeuwarden are, I am informed, also satisfactory.

Question VI.—As far as I can ascertain there are no instances of such arrangements.

Question VII.—I am not aware of the existence of any purely co-operative workmen's associations in other branches of industry. The sea-fisheries of this country are conducted generally on the same system which obtains in England, viz., that the earnings of the crews of the fishing vessels are dependent on the take of fish, the crews sharing the proceeds with the owner of the vessel in certain fixed proportions; but I know of no case in which the crews are co-owners, though I have been informed that the experiment of hiring the boats to the crews has been more than once tried. In all the principal fishing ports, Massluis, Scheveningen, Katwijk, Egmond, Pernis, &c., there now exist pension funds for the widows and orphans of fishermen. These funds have, generally speaking, not been sufficiently long in existence to allow the results to be satisfactorily tested. As a rule the principle of a percentage on earnings (generally 1 per cent.) has been adopted for the subscriptions of the fishermen, with a small fixed sum per voyage as the contribution of the owner. But it has already been found that these contributions are inadequate, when, as often occurs, a serious calamity falls simultaneously upon the fishing vessels of a single fishing port, and in such instances the general public has had to be appealed to for assistance.

I have, &c.,
(Signed) W. C. ROBINSON.

No. 7.

SWEDEN.

Mr. Corbett to the Earl of Rosebery.

My Lord,

Stockholm, May 29, 1886.

REFERRING to your Lordship's circular, dated April 6th last, I have the honour to enclose copy of a letter from Mr. Cope, Her Majesty's Secretary of Legation, enclosing a Report he has drawn up on the Co-operative system in Sweden, with replies to the queries contained in the Circular Despatch above-mentioned.

I have, &c.,

(Signed)

EDWIN CORBETT.

Inclosure 1 in No. 7.

Mr. Cope to Mr. Corbett.

Sir,

Stockholm, May 29, 1886.

I HAVE the honour to inclose herewith a Report on the Co-operative system in Sweden, with replies to the questions in Lord Rosebery's despatch, marked Circular, addressed to you on the 6th of April last.

I have, &c.,

(Signed)

EDMUND W. COPE.

Inclosure 2 in No. 7.

Report on the Co-operative System in Sweden.

1. THESE exist in certain parts of Sweden where there are large industrial works in the country or in small towns, the workmen sub-scribing together to buy the stock of supplies wholesale, the same being then sold retail to the members at a cheap rate; any eventual surplus would probably be divided. Co-operative stores for the working classes.

Co-operative stores also exist in Stockholm and other towns copied from the English system. Mr. L. O. Smith, a capitalist and member of the First Chamber here, went over to England some years ago, and studied the system as worked at Manchester and other large centres of manufacture, and started the so-called "Arbetarering," or Working Men's Co-operative Society, in this country, with stores and eating-houses, or steam-kitchens, as they are called here, where an ample dinner can be obtained for about 4d. to 4½d. These stores have been so far successful that they have lowered the prices of the necessaries of life for the working classes, but the hope of the founders was that, when once started, the workmen would take over the management of these stores and keep them going. This hope, however, has not been satisfactorily realised. The numbers frequenting the stores and eating-houses have fallen off, and a tendency to go back to the private shops

and eating-houses, which have been forced to lower their prices, has manifested itself. Perhaps one contributing cause of this is that spirits are not sold at the society's eating-houses. There is also a disinclination on the part of the workmen to take over the management and financial arrangements, which they prefer to have worked for them by capitalists and philanthropists. Branches of this Stockholm Working Men's Co-operative Society were started some years ago at Gottenburg and Malmoe. The Gottenburg Society had stores of its own, the one at Malmoe made an arrangement with certain dealers to give wholesale discount, but neither was successful. There still exist, however, at Malmoe certain bread-clubs for supplying their members with bread at 20 per cent. below the bakers' prices.

Bread-clubs.

Co-operative sale-rooms belonging to working men's clubs, to which members can send goods made by them at their own houses, similar to the depôts of the "Tischler-Vereine," &c., in Germany, do not appear to have taken root as yet in Sweden.

In the rooms of the Artisans' Association at Stockholm the things sent to be exhibited may be sold.

Co-operative workshops.

2. (a) Such co-operative workshops exist, probably even a considerable number, but on a very small scale, and do not play any important part. They are associations between artisans and workmen. In many cases some of the men employed in them receive wages only, and take no share in the profits.

As to those with co-operative arrangements between employers and employed, where the workmen share in the earnings, I am informed that there exists at least one important case, viz., the works of Messrs. Strömman and Larsson, in Gottenburg, for making doors, window-frames, and other work in wood.*

(b) The commercial success varies. I am told that the workshops founded by working men exclusively find a difficulty in obtaining sufficient credit. As to any effect on strikes, these arrangements cannot be said to have any whatever. They are on too small a scale and not sufficiently developed as yet; moreover, fortunately strikes are not very common or violent in Sweden.

(c) The associated workmen receive ordinary wages, and participate in a division of any profits of the business.

I may add here that it is a very common arrangement that high-class workmen, such as foremen in industrial works, farm bailiffs, head gardeners, head men at dairy farms, &c., should receive a certain percentage on the profits of the establishment over and above their ordinary wages.

Co-operative and People's banks.

3. In Sweden there are, of the so-called People's banks, eight with limited and 20 with unlimited liability. All these banks work on the same principle as ordinary banks, the only difference being that their shares are fixed at a lower value, and that their customers are mostly the smaller shopkeepers, artisans, &c., partly because these people are their shareholders, and partly because these People's banks give out loans for smaller amounts than the ordinary banks, and often pay higher interest on deposits.

These banks are tolerably successful.

Two of this sort of bank have, however, been in difficulty this year. The "Handwerker," or Artisan bank, is now being wound up, but has already paid 40 per cent. to depositors. Its difficulties are said to have been caused by failures in the building trade.

* This establishment is described in Böhmert: Die Gewinnbetheiligung, vol. i., p. 310.

The "Arbetreringa Bank," or Working Men's Co-operative Bank, was, by its statutes, to be wound up if 10 per cent. of its share capital were lost, and it was proposed to do so; but at a meeting of the shareholders it was stated that the losses were over-estimated, and it was decided to keep the bank going by a loan to the bank by the shareholders of 5 kronor per share. It is said that in this case the difficulty of placing out the capital at sufficiently remunerative interest was the cause of the losses the bank had sustained.

4. These societies and clubs are very largely developed in Sweden. Working men's clubs for recreative and social purposes are very numerous, where they have music, dancing, lectures, reading rooms, &c., and discuss politics sometimes; but as a rule these clubs have not meddled much with political agitation. Co operative societies for social, educational, and recreative purposes.

There are also the so-called "Fackföreningen," or clubs where workmen in the same trade meet and can discuss subjects connected with their particular line of business; artisans' associations and Christian young men's associations, in a large measure for educational purposes.

There are several associations for women, such as the seamstresses' club, which in Stockholm numbers 200 members: the mothers' association, sisters' association, Christian association of young women, &c., &c.

There are, moreover, the "Pensions kassan" (pension associations), of which there are 541 registered in Sweden, besides a number unregistered; the capital of the registered pension societies amounts to 51,948,971 kronor, or about 2,886,054*l*. These, however, are subscribed to by all sorts of people—employés, officers, &c.—and probably a comparatively small part of this is working men's capital.

The working men have societies called the "Hundramanna föreningen," or 100 men associations: these are sick and burial clubs, or like our old benefit clubs in England; there are 318 registered in Sweden, besides many not registered, the registered clubs having a capital of 4,332,406 kronor, or about 229,578*l*.; this is mostly working men's capital.

Most of the Dissenting bodies in Sweden have funds for aid to their sick, and also clubs for social and recreative purposes; the Methodists have also a life insurance association of their own.

Besides all these associations there exist in Sweden a number of societies called "Ordnar," from their wearing some distinctive badge or order, and may be said to correspond to our Odd Fellows, Free Foresters, &c., and the Good Templars have their branches in Sweden.

Of course in such a vast number of associations and clubs, often differing much from each other, details of the rules, entrances, and subscriptions, which would naturally vary much, cannot be given. I am informed, however, that a usual fee for entrance to a working man's club is 1 krona,* and the annual subscription 2 kronor.†

5. These building societies are found in considerable number in Sweden. The members club together and subscribe to a fund for the building or purchase of houses, usually large houses divided into several small flats. When the society has a house ready to be inhabited lots are drawn for it, the member winning it paying off by degrees, under certain easy conditions, the sum fixed by the society, after due valuation, as the amount to be paid before the house becomes the member's own freehold. In order better to explain the system I enclose herewith a summary of the chief points in the statutes of one of the most successful building societies. Co-operative societies for providing improved dwellings for artisans and labouring people.

* About 1*s*. 1½*d*.

† About 2*s*. 3*d*.

Hitherto a house could only be registered as a whole house in the name of one or more persons as owner or owners, but in order to meet the cases of the houses of these societies, it is intended to introduce a Bill into the Chambers to alter the law so far as to allow the owner of each flat to register and obtain full freehold of his flat. These societies have, I am informed, been successful and useful.

Co operative
agriculture.

6. Agriculture in Sweden cannot be said to be carried on by co-operation in the sense probably meant by the circular; *i.e.*, there is no case that I can find of five or six ploughmen and agricultural labourers working a piece of land and dividing the profits. A small peasant proprietor often has his grown-up sons working for him as carters, &c., but except for the relationship they are the same as ordinary farm hands working for wages and board.

There are also some cases where four or five neighbouring peasant farmers may club together to buy manures and oilcake, and to sell their farm and dairy produce, by which combination they can better regulate prices and save in haulage, but this is merely an arrangement of neighbours for their own convenience.

There are also some cases of joint-stock farms and dairies, but this is investment of capital in a company, and none of these cases appear to come under co-operative agriculture as meant by this question.

In some parts of Sweden it was formerly a common plan to farm land under the condition of "Hälftenbruk," or the "métayer" system, but I am told though this still exists in certain districts it is dying out.

Shipping and
fishing.

7. The co-operative system exists to a certain extent amongst vessels of small tonnage. In those from 20 to about 30 tons the profits are usually divided in the following manner, *viz.*, the owner takes half, the master quarter, and the remaining quarter is divided amongst the crew. In the case of boats of 10 tons or thereabouts the owner takes two-fifths, and the master and crew, usually three men, one-fifth each. In larger vessels, up to about 150 tons, the master generally receives half the freight against victualling the crew and paying wages, and one-half of dues and charges, and in some cases the master is entitled to 5 per cent. primage on the gross freight deducted before dividing between owners and master. The owners pay for the maintenance and repairs of the ships. On the east coast of Sweden the co-operative system seems to exist only in the case of some small vessels bringing firewood to Stockholm and the larger towns on the coast.

The co-operative system also exists in the case of fishing boats. The crew takes one-half of the profit, and the owners of the boats and gear one-half. In many cases the crew are the owners, and if any one of them be prevented by illness or other cause from joining in a fishing cruise, another man is engaged in his place and is paid a sum equal to half that falling to a regular member of the crew, boat's share not included. There may be said to be three classes of shareholders in the fishing vessels on the west coast of Sweden:—

1. Those who find capital only.
2. Those who find capital, and also themselves form part of the crew.
3. Those of the crew who take their share for labour only.

I am told that according to the conditions under which they worked and the quantity of fish taken, the fishermen found that the division in half was rather in favour of the shareholders not members of the crew, but they solved this difficulty by limiting the capital of non-workers invested in their boats to that of the widows and orphans of their comrades, and go on contentedly with the half-division system.

Stockholm, May 29, 1886.

Précis of the Principal Points in the Rules of the Gottenburg Working Men's Building Society.

The object of the society is to collect capital to purchase houses, or plots for building houses for its members: the houses so bought or built are distributed amongst the members by lot, and the society is not to make any further gain beyond enough to pay the members a small interest on their deposits.

Any respectable man or woman, without limit of age, can become a member on giving due notice to the officers of the society, and paying an entrance fee of 2 kronor, and 25 öre for a pass-book and a copy of the regulations, or about 2*s.* 6*d.* altogether.

Every member must engage to obey the statutes of the society, and to pay 25 öre per week, or 13 kronor (say about 14*s.* 6*d.*) per year, for 10 years, from and including the day of entrance. A member may increase his annual subscription, and for each 13 kronor per annum is entitled to another lot in the drawings, but is not allowed more than 10 lots at any drawing.

Subscriptions are to be paid in advance, either per week, month, quarter, year, or for the whole period of 10 years.

Should a member be four months in arrear he can be turned out of the society, and at the end of six months three-fourths of his contributions will be returned to him, the other one-fourth falling to the society, but in case of sickness, loss of work, or special circumstances, duly proved to the officers of the society, a member can be given time.

The notice of drawing for houses must be published a month beforehand in the newspapers with the largest circulation in the town, and no member can take part in the drawing unless a fortnight before, at the latest, he has paid all moneys due by him.

Any member of six months' standing, and who has paid at least 13 kronor to the society, can take part in the drawing.

With the consent of the committee, a member drawing a winning lot can transfer the same to another member of the society, but this must take place within a fortnight after the drawing.

A member who has drawn and accepted a house cannot take any part in later drawings, as he cannot hold more than one of the society's houses.

The society keeps the ownership and control of the house in its hands until the yearly sums for paying up the value have been paid, but the member who has drawn the lot can pay off his debt in larger instalments if he so wishes, and then receives the deed of sale.

Until the deed of sale is delivered to the owner of the lot he may not alter the building, but after five years' payments, if they amount to about half the total sum to be paid, the deed of sale can be made out and a mortgage taken for the remaining amount, the member binding himself to pay the said amount off by proper annual instalments.

When a house is ready to be drawn for, the committee, assisted by two valuers, fix the value of it and the yearly quota to be paid, and (as these houses are usually built in flats) the rent of the different apartments. Members of the society are to have the preference as tenants of these.

If a member, on account of leaving the town, desires to cease to belong to the society, after three months' notice he will receive back seven-eighths of his contributions according to his passbook, the remaining one-eighth falling to the society.

A member has only one vote at the meetings, irrespective of the number of lots he may be entitled to.

The committee consists of seven members, with four substitutes, each elected for two years—three members retiring one year and four the other—and two substitutes each year. Retiring members and substitutes can be re-elected. The committee elect their chairman from amongst themselves. The committee is to meet at least once a month.

The ordinary general meeting is to be held in April; any proposed change in the statutes is to be brought before this, and must be accepted at two general meetings before it can come into force.

A change in the statutes, or the breaking up of the society, requires a majority of two-thirds; otherwise a simple majority is sufficient, and if the votes are equal the decision is taken by lot.

A motion to be brought forward by a private member requires the approval of one-fifth of those present, and a private member desiring to propose an alteration in, or addition to, the statutes at the general meeting in April, must announce it to the committee before the 15th of January.

No. 8

UNITED STATES.

Sir L. West to Earl of Rosebery.

My Lord,

Washington, May 21, 1886.

WITH reference to your Lordship's despatch of the 6th ultimo, requesting me to cause a report to be drawn up by one of the members of Her Majesty's Legation in answer to questions respecting co-operation in the United States, I have the honour to enclose herewith a report on the subject which has been drawn up by Mr. Helyar.

I have, &c.,

(Signed) J. L. SACKVILLE WEST.

Inclosure 1 in No. 8.

Report by Mr. Helyar on Co-operation in the United States.

Question I.—Co-operative stores in the United States have hitherto been few in number, and mostly unsuccessful. Mr. Barnard, in a useful little work called "Co-operation as a Business,"* states that distributive co-operation in the United States has been marked by almost utter failure. Stores few and unsuccessful.

The causes of this want of success are chiefly to be found in bad methods, in a misunderstanding of the objects sought, and in American impatience at results. Only a slow-thinking, penny-counting, frugal, and painstaking people could bring co-operation to a success. The average American has thought it beneath him to consider the details of dimes, and experiments in co-operative distribution have generally miscarried through carelessness, inattention, and neglect. Reasons for failure.

There are, however, some exceptions, notably the Philadelphia Industrial Co-operative Society, which, though only six years old, has already cash sales of over 100,000 dol. and a total income of over 116,000 dol., and a disposable profit of 6,520 dol., the larger part of which is paid as a cash dividend on the members' purchases. Philadelphia co-operative society an exception.

Other co-operative stores are now being established in different parts of the country, but the idea is in its infancy. A Central Co-operation Board has been started in New York, for the purpose of advising co-operative societies generally, and it has drawn up a scheme of by-laws for general use. A Co-operative Dress Supply Association, recently started in New York, proved however a complete failure, and collapsed disastrously. Movement spreading.
Dress society a failure.

Question II. (a)—Co-operative workshops, on the other hand, have been established with success in various parts of the United States. Mr. Carroll Wright, in his Report as Chief of the Massachusetts Labour Workshops.

* Sent to Library of House of Commons.

Bureau for 1886,* under the head of "Profit-Sharing," gives some instructive examples.

Profit sharing. I. Profit-sharing in addition to wages:—

Steam pumps. Messrs. A. S. Cameron and Co., of New York, steam-pumping manufacturers, from 1869 to 1877 divided 10 per cent. of their profits among their workmen, and only dropped the plan on Mr. Cameron's death. This bonus amounted to an increase of $4\frac{1}{2}$ per cent. on wages, and is stated to have had a salutary effect on the men, and to have been a commercial success.

Carriages. Messrs. Brewster, carriage builders of New York, established the same system in 1869, and continued it with success until the strike of 1872 broke it down.

Woollen manufactures. The Peace Dale (Rhode Island) Manufacturing Company, with a capital of 200,000 dol., which manufactures shawls, worsted coatings, cassimeres, and other woollen fabrics, began profit-sharing in 1878, and continues it with success. Bonuses of varying amount were given as voluntary encouragement to employes from 1880 to 1883, but since then the depression of trade has caused their suspension.

Chemical works. Messrs. Lister, of the Passaic Chemical Works, Newark, New Jersey, have for some years given voluntary bonuses in addition to wages. The largest example of this kind is the Pillsbury Flour Mills, Minneapolis, with a capital of 2,500,000 dol. The company give a certain percentage of the profits (exact percentage not revealed) to the employes—(a) to all of five years' standing; (b) to the superior employes of any standing. The wages of the former class were thus advanced 50 per cent., and the latter 65 per cent. The system is stated to be a great moral and material success.

II. Profit-sharing through stockowning:—

Tailoring. The statistics given relate only to Massachusetts. The Boston Tailors' Association Union of 1849, the first co-operative association in Massachusetts to engage in production, divided profits in proportion to labour performed; but at the present time the co-operative manufacturing corporations do not in practice divide on any other basis than that of capital invested. They are, therefore, only profit-sharing through the distribution of their capital stock.

Statutory position. Co-operative corporations were authorised by chapter 290 of the Acts of 1866, by which any seven or more persons, of lawful age and inhabitants of Massachusetts, might, by articles of agreement, associate themselves for commercial or agricultural purposes, and become a corporation with the usual rights and liabilities, comprising a board of three or more directors, a president, and a treasurer, chosen annually by the stockholders. Further particulars of this law will be found on pp. 290–91 of Mr. Carroll Wright's Labour Report for 1886 (Massachusetts).*

1870–75. Between 1870 and 1875 13 co-operative manufacturing corporations were organised, only two of which are now existing.

Somerset Foundry Company. The oldest association of all, the Somerset Co-operative Foundry Company, dating from 1867, is still existing and successful. Including this company, there are now ten such associations in the State, of which a brief description will be given. (See also p. 202, et seq., of Mr. Wright's report above mentioned.)

From 1875 to 1885 several new companies were started, while others disappeared, producing the above result.

1. The Somerset Co-operative Foundry, started in 1867 on the ruins of the old Boston Store Foundry, gradually made its way, and

* 17th Annual Report of the Bureau of Statistics of Labour, March, 1886. Wright and Potter, Boston. Sent to Library of House of Commons.

has raised its capital stock to 30,000 dol., besides 50,000 dol. invested in new plant, made in the business. The annual product amounts to 75,000 dol., and the dividend, except in bad years, has been recently 10 per cent.

The stock is held almost entirely by the workmen, and there is a gradual tendency towards larger holdings. The company is stated to enjoy excellent credit, and to be completely successful.

2. The Kingston Co-operative Foundry, established 1877, with a Kingston Co-present capital of 11,900 dol., has had a severe struggle for existence operative through want of sufficient capital at first, want of credit, and various foundry. adverse circumstances. It has now an annual output of 20,000 dol., and yields a dividend of 3 per cent. per annum.

3. The Leonard Co-operative Foundry.—This foundry was pur- Leonard Co-chased in 1877 by a number of moulders at Taunton, and has been operative successful. The first three years' profits went into the 30 per cent. Foundry. reserve required by law; since then, dividends of 6 per cent. have been paid. The capital is 25,000 dol., and the annual product 75,000 dol. The effect of stockholding is stated to have been marked on the amount and quality of the work. "The men take pains to do well, and have a pride in the reputation of their goods."

4. The East Templeton Co-operative Chair Company was organised East Temple-in 1872 by some skilled workmen thrown out of employment, and ton Chair Co.started with a capital of 10,000 dol. This has now increased to 20,000 dol., and the value of the annual product is 45,000 dol. to 50,000 dol., and dividends of 5 to 6 per cent. are paid. The company has been successful, and the effect on the work done good. In 1880 the shop and contents were destroyed by fire, but the loss has been nearly made good.

5. The Athol Co-operative Furniture Company was formed in 1879 Athol Furni-also by men thrown out of employment, with a capital of 2,500 dol. ture Company. It began badly, and in 1882 the shop was destroyed by fire. A new start was made, but the company has never been prosperous. It has now a capital of 5,000 dol., and an annual product of 15,000 dol., but pays no dividends. The non-success is attributed to bad management and want of capital.

6. The Stoneham Co-operative Shoe Company, started by tempo- Stonehamrarily unemployed men in 1872, with a capital of 10,000 dol. The Shoe Com-pany. management was good, and the company has been very successful. It has now a capital of 20,000 dol., an annual product of 150,000 dol., and has recently yielded dividends of 15 to 20 per cent.

7. The Middlesex Co-operative Boot and Shoe Company, Stone- Middlesexham, organised in 1875 by unemployed men. It began with a capital Boot and Shoeof 10,000 dol., and met with great difficulties at first, being worked for Company. three years at a loss. It has, however, turned out a success. The capital has risen to 15,000 dol., the annual product to 90,000 dol., and recent dividends have been as high as 20 and 25 per cent.

8. The American Co-operative Boot and Shoe Company, Stoneham, Americanorganised in 1882, with a capital of 10,000 dol. It enjoys good Boot and Shoecredit, but has not been strikingly successful financially. The capital Company. has risen to 30,000 dol. and the annual product to 50,000 dol. but no dividends are paid at present.

9. The Franklin Co-operative Boot and Shoe Company, Stoneham, Franklin Bootstarted in 1883 by men thrown out of work by failures. It began and Shoe with a nominal capital of 10,000 dol., and met with many difficulties. Company. The capital is now 20,000 dol., and the annual product 50,000 dol., but no dividends are paid.

10. The Wakefield Co-operative Shoe Company, organised after Wakefield Boot and Shoe Company.

the example of the last-named in 1883, with 15,000 dol. capital. It has been fairly successful, has an annual product of 35,000 dol., and paid 8 per cent. dividend in 1884.

Cosmopolitan element.

A mixture of nationalities is noticeable in these associations, which appears to cause no inconvenience, but efforts are made to keep the stock in the hands of native Americans.

Varied results of co-operative enterprises.

(2b.) It will be noticed that the commercial success of these societies varies greatly. Some, like the Somerset Co-operative Foundry, have been very prosperous, while many have been as distinct failures. The necessary conditions for success appear to be:— 1, a sufficient capital, with regard to which Mr. Carroll Wright states that the necessary amount is very generally underestimated; 2, efficiency and regularity of management; and 3, accurate separation of wages from profits in practice. There have also been many failures from crude ideas and unreasonable expectations on the part of the artisan stockholders. Still the system has made a beginning, and several successful societies exist.

Two prosperous societies outside Massachusetts may be added to the list.

Beaver Falls Foundry Association.

The Beaver Falls Co-operative Foundry Association, at Beaver Falls, Pennsylvania, started in 1872 with a nominal capital of 25,000 dol., and has prospered steadily. The larger part of the stockholders are employed in the foundry, and dividends of 12 to 15 per cent. are paid.

Equitable Foundry Co., Rochester.

The Equitable Co-operative Foundry Company of Rochester, New York, started in 1867, with a capital of 30,000 dol. It has greatly prospered, and the paid-up capital increased to 100,000 dol.: 12 per cent. is paid to the shareholders, and the rest to those members who work in the company in proportion to wages. Nearly all the workers are also stockholders.

No influence on strikes.

These societies do not appear to have attained sufficient importance and weight in the country at large to influence strikes one way or the other.

Modes of profit-sharing.

(2c.) Summarising the above facts, we find that profit-sharing in connection with wages is done in two ways: the percentage of profits is either given to labour after a dividend on capital has been paid, or such percentage is allotted to labour without first paying a fixed dividend on capital. The latter place has the merit of giving something to labour, however small the profits may be, and it has, therefore, a greater educational effect than the other, under which, in years of very small profits, labour receives no additional percentage. Such percentage is also distributed in two ways:—1. By classes. 2. In proportion to wages earned. The former plan, however, is liable to excite jealousies and dissatisfaction. This extra percentage may be considered as extra pay for extra services (*i.e.*, increased efficiency), and it is this which constitutes its educational value.

Profit-sharing in connection with stock-owning is also twofold. Profits are either divided on the basis of capital alone, or partly on the basis of capital and partly on that of labour. But the Massachusetts co-operative manufacturing societies come entirely under the former head; but, of course, the dividends thus paid act as an indirect reward to labour.

Co-operative banks.

Question III.—Co-operative banks have been in operation in the United States for many years, and have spread from Pennsylvania over a large part of the Union. They are recognised and protected by the laws of many of the States. In Pennsylvania alone they are reported to number 1,700.

A few may be cited as showing their general progress. It is Building difficult to keep the co-operative banks entirely distinct from the societies, building societies, as the two are often united. Philadelphia.

The Union Savings and Building Association of West Philadelphia reports 32 series of shares, 15 of which were paid off on maturity. The assets are 188,881 dol.

The Randolph Bank and Loan Association had in 1879 a business Randolph of 40,000 dol. The Working Men's of Wilmington, Delaware, had Bank and assets of 143,364 dol. in that year. The Second National Savings Loan Fund and Loan Association of Morris Town showed half-yearly Association. receipts of 13,936 dol. The Tradesmen's Building and Loan Association of Philadelphia reported in 1880 an income of 71,792 dol. The State Mutual Sinking Fund, Loan, and Building Association of Philadelphia had a business of 45,402 dol. in 1879.

The co-operative banks have never obtained a fair foothold in New York city. In Massachusetts, where they have now made great progress, they had no legal status till recently, but in 1879 an Act was passed for their constitution and supervision, which is considered a model for other States, under which they are placed on the same footing as the savings banks. From the latest report of the Savings Banks Commissioners, it appears that there are now 30 co-operative banks in Massachusetts—

Their total assets were	\$2,512,335
The number of shares	78,565
" members	11,836
" borrowers	2,482
The amount of deposits	\$274,998,412
" surplus	\$5,210,525
The guaranty fund	\$6,604,464
The number of open accounts	848,787
Average of each account	\$324
Amount of deposits during the year (including dividends)	\$60,248,180
And the number of such deposits	896,078
Giving an average of each deposit of (a decrease of 2 dol. 82 c. on the previous year)	\$67.24
Amount of withdrawals	\$48,172,172
Number of withdrawals	534,882
And average of withdrawals	\$90.06

The above totals nearly all show a large increase except the surplus, and the amount of withdrawals, which both decreased.

Investments in the United States bonds tend to decrease, while Investments. investments in bank stock, railroad bonds, and State and municipal bonds increase largely. The earnings of these banks were 13,869,466 dol., being 294,418 dol. more than the previous year, and the dividends 10,284,661 dol., an increase of 406,947 dol., giving the different banks' dividends, varying from 3 to 5 per cent., according to their prosperity, an average dividend of 4.14 per cent. There have been several failures in recent years, but the losses to investors have not been large in proportion to the whole.

The following table gives statistics respecting the 12 largest co-operative banks in Massachusetts :—

**Largest banks
in Massa-
chusetta.**

TABLE of Twelve Largest Banks in Massachusetts.

Name.	Place.	Incorporated.	Number of Shares.	Number of Members.	Number of Borrowers.	Assets.	Increase of Assets from last Year.
						Dollars.	Dollars.
Campello ...	Brockton ...	Oct. 2, 1877...	3,595	500	13	184,087	80,926
Fitchbury ...	Fitchbury ...	" 27, " ...	5,141	659	273	207,171	46,013
Haverhill ...	Haverhill...	Aug. 20, " ...	3,259	418	99	101,608	23,804
Homestead ...	Boston ...	Sept. 11, " ...	5,564	783	114	150,314	23,321
Mechanics ...	Taunton ...	" 14, " ...	4,250	643	211	208,911	34,027
Pioneer ...	Boston ...	July 26, " ...	4,740	716	139	165,952	15,291
Security ...	Brockton ...	Dec. 17, " ...	2,725	479	99	118,038	24,372
Taunton ...	Taunton ...	March 2, 1880...	3,959	572	216	187,899	36,639
Troy ...	Fall River ...	July 10, " ...	3,042	424	91	107,341	13,688
Waltham ...	Waltham ...	Oct. 13, " ...	6,294	976	187	224,502	50,200
Worcester ...	Worcester ...	" 19, 1877...	5,226	703	143	161,174	25,769
Working Men's	Boston ...	June 9, 1880...	3,753	531	101	110,398	26,605

**Savings
bank.**

These loan associations and co-operative banks appear likely to take the place of the savings banks, at any rate to a great extent.

Each system has its advantages and defects.

The savings bank receives money at any time during business hours, in such sums as the depositor chooses to pay; it gives interest on the money while in the bank, and permits the depositor to take it out any time under slight restrictions. This is good, and teaches the people to save. But the savings bank takes no personal interest in the investor, who pays his money to an irresponsible and indifferent clerk.

**Loan
association.**

In the loan association the money must be paid in a fixed sum at regular intervals, and there are fines in case of neglect. He cannot draw his money out so easily as in the savings bank, but this is really for his good. He is in personal contact with the president, directors, and his fellow members, and has the same interest in the disposal of the money. He has the annual report and a vote, and no one has more.

**Mr. Barnard's
suggestions.**

Mr. Barnard, in his work, suggests that each class of bank might adopt the good features of the other. The loan associations, for instance, should issue much fuller and more complete reports, and those quarterly. The attendance of directors at meetings should be noted, and fines imposed for absence. The Massachusetts plan of paying the premium monthly, with the interest, is preferred to the Philadelphia plan of deducting the premium from the loan, as being juster and less likely to create ill-feeling. Fixed tables of payments are better than the uncertain bidding at an auction. Similarly, the savings banks might adopt with advantage many of the features of their rivals. But in any case the co-operative banks have a great future before them.

Philadelphia.

Question IV.—The enclosed report by Consul Clipperton* shows that while Philadelphia, the great centre of co-operation generally in the United States, contains many working men's societies, clubs, &c., they are none of them, strictly speaking, on the "co-operative" basis. The Order of the Sons of St. George for Englishmen in the United States, of which he gives a description, may be described as more or less co-operative and charitable, and is doing a very useful work in many of the States of the Union. With regard to education, Mr. Clipperton points out that the great system of Government free schools in Philadelphia defies rivalry from private co-operative associations. This is also true of most of the States of the Union, the free school system being almost universal.

* See page 59.

Question V.—Consul Clipperton, in this report, gives a clear description of the purchase of his home by the working man, through the Philadelphia building societies, which have been so successful, and have been the parents of similar societies now scattered throughout the Atlantic States. The result of this system in Philadelphia is that through it the great majority of working men in that city own their own homes, without incurring a burden of debt. Purchase of the working man's home.

The system encourages thrift and industry, real estate rises continually, the taxable property grows, and the drink bill is checked. Advantages of system.
Mr. Barnard describes the actual position of one of these societies, the Artisans' Building and Loan Association of Philadelphia, as follows:—"It was incorporated in 1870, with a capital of 1,000,000 dol. A meeting was called by 15 persons: 420 shares were then subscribed for, and the society started. In its 11th annual report the repayment in cash of the first series of shares is announced. They are 130 in number, and will be paid at a valuation of 204 dol. 49 c. each. There has been paid on each share 1 dol. for 132 months, and the share has earned 72 dol. 49 c., making up the foregoing total. The following year the shares of the second series, now valued at 181 dol. 70½ c., will mature and be paid. Any loans made on such shares are settled on maturity, by giving a release for the amount of the debt in place of so much cash. The business done in 11 years amounted to 800,990 dol., or over 6,000 dol. a month. Loans on 489 shares were made during the period to the amount of 97,800 dol. The total number of the shares is 1,135, valued at 133,439 dol. 46 c."

The sources of income in these banks are fivefold. The capital is increased each month by a sum equal to the number of shares. Each new member becomes a winner for them all. The fines and premiums bring money in addition to the dues and interest on the loans. For instance, a borrower bids at a meeting for 1,000 dol., at a premium of 30 dol. per cent. He receives 700 dol. The Association offers the remaining 300 dol. for auction, and gains a further 30 per cent., or 90 dol. This money again makes 27 dol., so that the association makes a total profit of 417 dol., and the entire 1,417 dol. begins to draw interest at once. All the dues, premiums, fines, and interest received are put up for auction each month, and draw further interest. Then there are the profits or withdrawals; a two-year-old share is worth 39 dol., and is bought on withdrawal by the association for the dues paid, and a premium of 3 dol., the association making 12 dol., which go to swell the general capital. Sources of income.

In Philadelphia the ground rent system gives a special character to these transactions. Any person desiring to build on a lot of land can, instead of buying, hire it for all time. He can offer to pay the price for it at any time, and the owner cannot decline to sell. The owner can never claim payment during the lease if the rent is regularly paid. Ground rent system.

In New York the great value of land and the system of tenement houses have given rise to another class of building society, called the "Hubert Home Club Associations." A number of intending house-builders form a club and erect an apartment house, which they lease to themselves. Eight families, for instance, put up a house of ten flats. Each gives the others a bond for 1,000 dol., forming the capital. Land is bought and the house built: total cost 12,000 dol. Each member is assessed for money as required, and a mortgage raised to make up the whole sum. The house becomes the joint property of the members, each holding one-eighth. The members hold an auction for the choice of rooms, the money received being equally divided among all. Then the club leases to each member his flat for 99 years at 1 dol. Hubert Home Club Associations.

a year. Each member transfers the fee to the club on signature of the lease, in order to prevent danger to the club from the financial embarrassment of any member. The member may sublet by permission, but in this way the fee cannot be lost or forfeited. The extra flats are let to outsiders, and the rent thereof pays wholly or in part for the running expenses of the house, interest on mortgage, &c.

Spread of
building
societies.

These building societies, under whatever form, have met with a distinct commercial success, and are spreading throughout the great cities of the United States. They also undoubtedly enable the working man, and also the class above him, to obtain better and more comfortable houses than would otherwise be possible.

Agriculture.

Question VI.—Co-operation has not as yet been applied to agriculture in the United States to any extent. The "Agricultural Chemical Works" mentioned above, and one or two co-operative "creameries" and milk associations (the stockholders of which are, as a rule, independent farmers), are of course in no sense instances of "co-operative agriculture." I am informed on official authority that co-operation has not as yet taken this direction in this country.

Massachusetts
fisheries.

Question VII.—The best and I believe the only striking instance of co-operation under this heading, is that of profit-sharing without wages in the Massachusetts Fisheries.

The system is the following:—It is not customary in this business to pay wages. The crews are rewarded for their labour in direct proportion to the value of the catch.

In cod-fishing by hook and line the plan is carried out with extreme nicety: each man keeps a separate account of the fish he takes, and is paid accordingly. In mackerel and other seine fishing all the members of each crew share equally. At Gloucester the profits are divided as follows:—

The owners furnish the vessel complete, also provisions and fishing gear. After certain charges and expenses have been deducted from the gross value of the catch, the net value is divided one-half to the owners and one-half to the crew, and from the latter half is paid the cook's wages, cost of medicine, and a small payment to the widows and orphans' fund.

The men share equally in seine fishing, and according to success in cod-fishing.

In the haddock fishery the owners find the vessel only and pay the skipper, receiving a quarter of the gross proceeds. The crew pay for everything else, but take three-quarters of the proceeds.

It is generally agreed that the wages system would be impracticable in this business. The most skilful men are found in the cod-fishery, where merit is rewarded; while the least skilful are in the seining line, where all share equally.

Fluctuations
in earnings.

The fluctuations in the sums earned are great and frequent, the business being an uncertain one; but this form of profit-sharing gives superior men a perfect opportunity to benefit themselves proportionally. The average pay per man per voyage seems to run from 15 dol. to 40 dol., roughly speaking, according to the length and success of the trip, but in some very successful trips sums of 100 dol. and 120 dol., and in one case over 220 dol. per man, were earned.

From the above statement I think it will be seen that co-operation in the United States is as yet in its infancy.

Concluding
remarks.

In the form of the building societies and co-operative banks it has been very successful and is growing rapidly; in production it is progressing, but only to a limited extent; while applied to distribution, to agriculture, and in other directions it has not been a success.

The enclosed report by Mr. Wright on labour, and by the Massachusetts Commissioners on Savings Banks, and Mr. Barnard's work on co-operation as a business, already mentioned, contain much valuable information, and have been freely made use of in this Report.*

Washington, May 21, 1886.

H. A. H.

Inclosure 2 in No. 8.

Consul Clipperton to Sir L. West.

Sir,

Philadelphia, May 7, 1886.

In reply to your despatch of the 20th ult., requesting a Report on the subject of co-operative building and kindred subjects in Philadelphia, I beg to inform you that I have not learnt that there are any co-operative building societies in this city beyond those known as building and loan associations, the principles of which are well known in England, and are practically conducted as follows:—The association is regularly incorporated under an Act of the State Legislature, having a president, secretary, and treasurer, and a board of directors. Each share of stock deposits a monthly payment of 1 dol., and is entitled to a loan of 200 dol. upon giving real estate security, and the payment of another 1 dol. per month (6 per cent. interest per annum), together with any "premium" incurred by the borrower in consequence of competition among members for the loan of the money to be put out at each monthly meeting. The building and loan associations are very popular Building societies. in Philadelphia, and enormous sums of money are paid out on loans to be used in the construction of houses, in the main, for working classes. These houses, and the plot on which they are built, stand in the name of the borrower, in fee-simple, he giving a first bond and mortgage to the association upon the same for the money borrowed. In most instances the money borrowed is paid to the builder in instalments as the building progresses towards completion. These run on an average of 10 years, when they are wound up, the mortgages cancelled, and the borrower becomes absolute owner of his property, the cost of which has been but a little more than an annual rent he must have paid had he rented the dwelling from year to year. Thus, the working man decides to build up a home for himself by means of a building and loan association, and he proceeds as follows:—

1. Purchase the ground for, say, 50*l*.
2. Take nine shares in an association, for which he pays 9 dol. (1*l*. 16*s*.) dues per month.
3. Contracts to build his house of six or seven rooms (a parlour, dining-room, kitchen, three bedrooms, a bath-room with hot and cold water, and gas throughout house) for 1,500 dol. (300*l*).
4. Obtains a loan from his building and loan association of 1,800 dol., which is paid in instalments to the builder as the building progresses towards completion, under the immediate supervision of a "Committee on Loans," who protect the interests of the society, and render every facility to the borrower. He now pays the interest on this loan at the rate of 6 per cent. per annum, which is another 9 dol. (1*l*. 16*s*.) per month, and any premium that may have arisen, which, as a rule, is a small sum, say 5 per cent., or 45 cents per month additional.

* These works have been forwarded to the Library of the House of Commons.

5. He pays his taxes, repairs, and water rent, amounting to about 30 dol. per annum, making his total payments per annum :—

	Dol.	c.
Building and Loan Association, 9 shares ..	108	00
Interest on loan	108	00
Premium	5	40
Taxes, repairs, and water	30	60
	<hr/> 252 00	

In 10 years the association payments cease, the bond and mortgage are cancelled, and the borrower is absolute owner in fee of the property, and on the payment of an annual sum of not more than 72 dol. over and above what he would have paid for his rent, had he rented and not built.

There are no co-operative societies providing social, educational, and recreative facilities for the working people in this city founded on the basis referred to in your despatch.

The Government free schools of Philadelphia are so extensive, and cover such a wide field of education, that co-operation and combination of certain classes of the community for educational purposes is quite unnecessary. There are societies, clubs, choirs, bands, circles in every section of the city for the purposes of recreation, sociability, and mutual improvement, but they are in no sense co-operative, each club or guild paying his own expenses by *pro rata* and stated dues levied upon its members. These social guilds are very numerous in Philadelphia, extending to all walks of life, and cover every vocation—religion, temperance, music, all classes of amusements and beneficial objects. The male population, almost entirely, belong to some one or many of these clubs or guilds, while the female organisations are circumscribed chiefly to the church societies and family circles for amusement strictly, such as dancing and singing.

Order of the
Sons of St.
George.

The only society, not American, that has a strictly beneficial, social, and national character about it in this city is one of recent origin, and is known as the "Order of the Sons of St. George." It is composed of working men exclusively English of birth or descent. It was started in 1870, when three Englishmen were brutally murdered in the coal regions of Pennsylvania. Two of the known murderers and their families were quietly spirited off from the processes of the law. It was in the days of the well-remembered "Mollie Maguires," an organisation of assassins, said to be a wing of the "Ancient Order of Hibernians," which required summary measures both by the civil courts and the State militia to put down. The Order of the Sons of St. George has grown rapidly, extending from State to State wherever English working men congregate: there is a "sick benefit" of from 12s. to 20s. per week during sickness, and a funeral allowance of from 10l. to 20l. for a member, and half that sum for the funeral of a member's wife. The weekly dues of membership are from 5d. to 7½d. per week, and the fundamental principle of the Order is to make provision for sickness and death, thus preventing any member's family becoming an object of charity. In addition to this the families of the various lodges meet together socially on stated occasions, thereby keeping alive the English love of country and the festivities of her fête days. This organisation, non-political, unsectarian, and exclusively English, is growing rapidly: to its own membership it is of great advantage; it lends a helping hand, and its officers are always ready to advise and to assist them when landing on these shores. The

praiseworthy work of this beneficial and social organisation of English working men in the United States cannot be too highly commended.

There are but one or two co-operative stores for the trade of working men and their families in this city. In Trenton, New Jersey, there is one which is quite successful. These societies are not on a large scale, and as they are supported almost exclusively by English membership, the principles and methods of conducting the business are precisely the same as co-operative societies and stores at home.

Co-operative work, as one of the simplest and most direct methods of aiding the working man in the improvement of his condition, has not, as yet, taken good hold in this country. "Profit-sharing," a step towards co-operative labour, such as that advanced by M. Godin, who founded the "Famillistère" of Guise, France, has not, thus far, deeply interested the American working man. Superior individual qualifications, personal ambition, and that recognised inordinate desire for immense wealth and family aspirations stand in the way of extended co-operation. Mercantile speculation by men of superior abilities in their respective vocations will not give way to the higher end of the general good of the working classes: personal independence and personal desire for wealth, conflict with the common interest of permanent benefit to the independence of workers, and their guarantee against want and misery. Co-operation in the commercial, industrial, and proprietary sense is far distant as an established institution of this country.

I have, &c.,
(Signed) ROBT. CHAS. CLIPPERTON, H.M.'s Consul.



